



# Bal Pharma Limited

To,

01.09.2021

The Manager-Listing

National Stock Exchange of India Ltd

Mumbai.

BSE Limited

Mumbai.

**Sub: Submission of Annual Report of the Company for the year ended March 31, 2021  
along with the Notice for 34th Annual General Meeting of the Company.**

**Ref : Regulation 34(1)(a) of SEBI ( LODR ) Regulations .**

With reference to the above cited subject and reference , we are submitting herewith the Annual Report of the Company for the financial year 2020-21 along with the Notice of the 34th Annual General Meeting of the Company, scheduled to be held on Friday , 24<sup>th</sup> September 2021 at 11.00 A.M through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM").

A copy of the abridged Annual Report along with the Notice convening the 34<sup>th</sup> Annual General Meeting of the Company is being sent to all the shareholders of the Company.

The remote e-voting period shall commence on Tuesday ,21<sup>st</sup> September 2021 at 09:00 a.m. and shall end on Thursday ,23<sup>rd</sup> September 2021, at 05:00 p.m.

The Register of Members and Share Transfer Books of the Company shall remain closed from 18<sup>th</sup> September 2021 to 24<sup>th</sup> September 2021(both days inclusive) to ascertain the entitlement of Dividend, if any and for 34<sup>th</sup> Annual General Meeting of the Company.

Please take this intimation on record.

For Bal Pharma Limited

Y.Venu Madhava Reddy

Secretary

REGD. OFFICE : 5th Floor, Lakshmi Narayan Complex, 10/1, Palace Road, Bengaluru - 560 052. India  
Ph. : 91 - 80 - 41379500 Fax : 91 - 80 - 22354057 / 58

Email : [info@balpharma.com](mailto:info@balpharma.com) Website : [www.balpharma.com](http://www.balpharma.com)

CIN # L85110KA1987PLC008368

REGD. OFFICE & FACTORY : 21 & 22, Bommasandra Industrial Area, Bengaluru - 560 099. Ph. : 41570813 / 19 Fax : 41570820



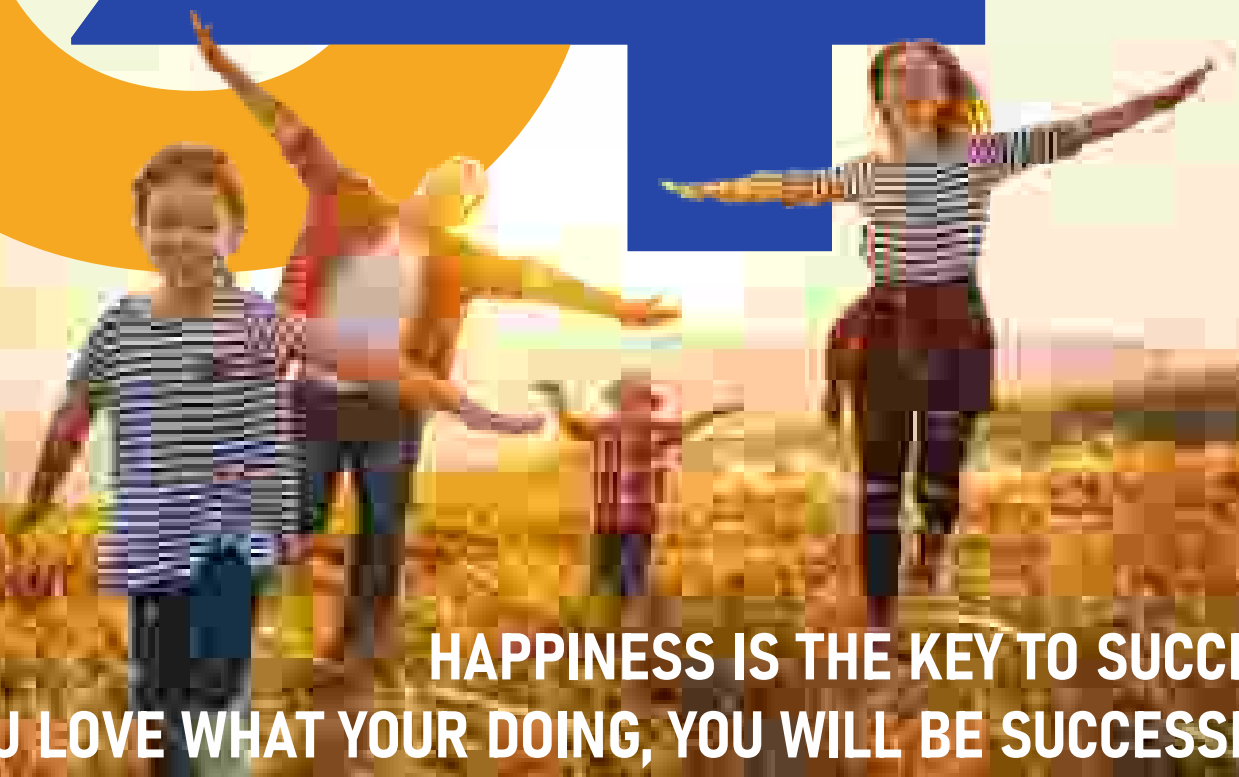
**BAL PHARMA  
LIMITED**

**34 YEARS OF  
SUSTAINABLE  
DEVELOPMENT**

**34<sup>TH</sup>**

**ANNUAL  
REPORT**

**2020 - 2021**



**HAPPINESS IS THE KEY TO SUCCESS.  
IF YOU LOVE WHAT YOU'RE DOING, YOU WILL BE SUCCESSFUL.**

**BOARD OF DIRECTORS**

Mr. Shailesh Siroya	–	Managing Director
*Dr. Subba Rao Prasanna	–	Executive Director
Mr. Himesh Virupakshaya	–	Executive Director
Dr. C.V Srinivas	–	Independent Director
Mr. H S Venkatesh	–	Independent Director
Ms. Nicloa Neeladrie	–	Independent Director
#Mr. Jatish Sheth	–	Additional Director (Non-Executive)

\*Ceased to be on Board w.e.f 30.10.2020

#Appointed w.e.f 28.12.2020

**STATUTORY AUDITORS**

Messrs NSVM & Associates  
Chartered Accountants

**INTERNAL AUDITORS**

Messrs Murugesh & Company  
Chartered Accountant

**SECRETARIAL AUDITORS**

Mr. Parameshwar G Bhat  
Practising Company Secretary

**COST AUDITORS**

Mr. M.R Krishna Murthy  
Cost Accountant

**REGISTRAR & TRANSFER AGENTS**

TSR DARASHAW CONSULTANTS PRIVATE LIMITED  
C 101, 1st Floor, 247 Park, Lal Bahadur Shastri Rd,  
Vikhroli West, Mumbai, MH - 400083.

**PLANT LOCATIONS**

- Unit 1 – Formulations  
# 21 & 22, Bommasandra Industrial Area  
Bangalore-560099. Karnataka.
- Unit 2 – API's  
# 61/B, Bommasandra Industrial Area  
Bangalore-560099. Karnataka.
- Unit 3 – Parenterals (Temporarily non-operational)  
# 732/735, Off National Highway No.4  
Village Kenjal, Dist Bhor.  
Maharashtra.
- Unit 4 – Formulations  
Plot # 1,2,3&69, Sector 4, IIE-Pantnagar  
Rudrapur, Udham Singh Nagar  
– 263153, Uttarakhand.
- Unit 5 – Intermediates  
Thabadewadi Post, Kavatha Mahankal  
Sangli-416405, Maharashtra.
- Unit 6 – API's and Intermediates  
Golden Drugs Private Ltd, (100% Subsidiary)  
# C-155, Mewar Industrial Area  
Madri, Udaipur-313001, Rajasthan.  
Rajasthan.

**BANKERS**

Canara Bank  
HDFC Bank

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**NOTICE IS HEREBY GIVEN THAT** the 34th (Thirty Fourth) Annual General Meeting (AGM) of the Members of Bal Pharma Limited will be held on Friday, 24th September, 2021 at 11:00 A.M through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”), to transact the following businesses:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2021, the Statement of Profit and Loss for the financial year ended as on that date and the Cash Flow Statement together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend of Re. 1/- per Equity Share of Rs. 10/- each.
3. To appoint a Director in place of Mr. Himesh Virupakshaya (DIN # 08554422), who is retiring by rotation and being eligible, offer himself for reappointment.

**SPECIAL BUSINESS:**

4. To appoint Mr. Jatish Sheth (DIN # 00581963) as an Independent Director of the Company.  
To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Rules made there under and other applicable laws, if any and Articles of Association of the Company Mr. Jatish Sheth holding DIN #: 00581963, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 28th December, 2020 and who holds office until the date of this AGM be and is hereby appointed as Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 152 and 160 of the Companies Act, 2013 read with Schedule IV and all other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Mr. Jatish Sheth, be and is hereby appointed as an Independent Director of the Company for a period of 5 (Five) consecutive years commencing from 28th December, 2020 to 27th December, 2025 and whose office shall not be subject to retirement by rotation.

**RESOLVED FURTHER THAT** any of the Directors and/or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, things and take all such steps as may be necessary, proper and expedient to give effect to the above said Resolution also to take necessary steps to file necessary returns with the Registrar of Companies and comply with other formalities, if any as may be required pursuant to the provisions of Companies Act, 2013 or such other Regulations.”

5. To ratify the remuneration payable to Cost Auditors for the financial year 2021-22:

To consider and if thought fit to pass the following Resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof), the remuneration payable to Mr. M.R Krishna Murthy, Bengaluru (Membership No. 7568), Cost Auditors, appointed by the Board of Directors based on the recommendation of the Audit Committee of the Company to conduct the audit of the Cost records of the Company for the financial year 2021-22 amounting to Rs. 40,000/- (Rupees Forty Thousand only) including applicable taxes and re-imbursement of out of pocket expenses incurred by them in connection with the audit of cost records, be and is hereby ratified and approved.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary and expedient in order to give effect to the above said Resolution.”

By the order of the Board of Directors  
For Bal Pharma Limited

Preeti Singh  
Company Secretary  
M.No A51854

Place: Bengaluru  
Date: 29.06.2021



**NOTES:-**

1. Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 ("Act"), in respect of the Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.
2. Pursuant to the General Circular nos. 20/2020, 14/2020, 17/2020, 02/2021 issued by the Ministry of Corporate Affairs ("MCA") and Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 issued by the SEBI (hereinafter collectively referred to as "the Circulars"), Companies are allowed to hold AGM through VC, without the physical presence of Members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC.
3. A Member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote on his/her behalf and the proxy need not be a Member of the Company. However, pursuant to MCA Circulars and SEBI Circular, the AGM will be held through VC/OAVM and the physical attendance of Members in any case has been dispensed with. Accordingly, the facility for appointment of Proxies by the Members will not be available for the AGM and hence the Proxy Form, Route Map and Attendance Slip are not annexed to this Notice.
4. 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.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 18, 2021 to Friday, September 24, 2021 (both days inclusive).
6. Members holding more than one Share Certificate in different folios are requested to apply for consolidation of the folios and send the relative Share Certificates to the Company's Registrar and Share Transfer Agent, TSR Darashaw Consultants Private Limited, # C-101, 1ST Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai-400083.
7. Institutional Shareholders / Corporate Members (i.e. other than individuals / HUF, NRI, etc.) are required to send a certified true copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting to the Scrutinizer by email through its registered email address to parameshwar@vjkt.in with a copy marked to evoting@nsdl.co.in.
8. Dividend, if any, that may be declared at the Meeting will be paid on or before 12th October, 2021 to those Members entitled there to, whose names appear in the Register of Members of the Company at the close of business hours on 17th September, 2021 and for those holding the Shares in demat mode, the dividend will be paid to the Members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners on that date and the bank particulars registered with the respective Depository Accounts will be used for this purpose.
9. Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Ltd (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion/change of bank details already printed on dividend warrants as per information received from the concerned Depositories. In this regard, Members should contact their Depository Participant (DP) and furnish particulars of any changes desired by them.
10. Pursuant to Section 124 of the Companies Act, 2013 any money transferred to Unpaid Dividend Account and remaining unclaimed for a period of 7 (Seven) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, and thereafter, the Shareholders shall not be able to claim any Unpaid Dividend amount from the Company. The Company has transferred the amount lying in the credit of Unpaid Dividend Account for up to the financial year 2012-2013 to Investor Education and Protection Fund as stipulated under Section 125 of the Companies Act, 2013 read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001. The Members who have not en-cashed the Dividend Warrants for the financial years 2013-14 onwards are requested to write to the Company directly or to TSR Darashaw Consultants Private Limited, the Registrar and Share Transfer Agents of the Company.
11. The Members may now avail of the facility of nomination, by nominating in the prescribed form, a person to whom your Shares in the Company shall vest in the event of death of the Member. Interested Members may write to the Company's Registrar & Share Transfer Agent for the prescribed form.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities market. Members holding Shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agents, TSR Darashaw Consultants Private Limited, Mumbai.
13. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website [www.balpharma.com](http://www.balpharma.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL <https://www.evoting.nsdl.com>.



14. As per Regulation 40 of SEBI Listing Regulations, as amended, Securities of listed Companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of Securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents (RTA), TSR Darashaw Consultants Private Limited for assistance in this regard.
15. Relevant documents referred to in the accompanying Notice and the Explanatory Statement, Registers and all other documents will be available for inspection in electronic mode. Members can inspect the same by sending an email to the Company at [secretarial@balpharma.com](mailto:secretarial@balpharma.com).
16. Members seeking any information/desirous of asking any questions with regard to the accounts, operations or any matter of the Company are requested to send email to the Company at [investor@balpharma.com](mailto:investor@balpharma.com) at least 7 days before the Meeting. The same will be replied by the Company suitably.
17. The Company has designated an exclusive email id called [investor@balpharma.com](mailto:investor@balpharma.com) to redress Members' complaints/grievances. In case you have any queries/ complaints or grievances, then please write to us at [investor@balpharma.com](mailto:investor@balpharma.com).
18. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with TSR Darashaw Consultants Private Limited in case the Shares are held by them in physical form.
19. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.balpharma.com](http://www.balpharma.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

#### **INFORMATION FOR MEMBERS RELATING TO E-VOTING AREAS UNDER:**

1. In view of the outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM..
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.



**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AREAS UNDER :-**

The remote e-voting period begins on 21st September, 2021 (9:00 am IST) and ends on 23rd September, 2021 (5:00 pm IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 17th September, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 17th September, 2021. Once the vote on a resolution is cast by the Shareholder, the Shareholder shall not be allowed to change it subsequently. The member who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be allowed to cast the vote again.

**How do I vote electronically using NSDL e-Voting system?**


The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

**Step I: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1) Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>4) Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> 



<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the EVoting Menu. The Menu will have links of e-Voting service provider i.e.NSDL. Click on NSDL to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing dematAccount Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the dematAccount. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</li> </ol>
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

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

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

Login Type	Helpdesk details
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43</p>





**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

<b>Manner of holding Shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold Shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold Shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  1. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  2. If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  3. How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.



7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

### **Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

#### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [parameshwar@vjkt.in](mailto:parameshwar@vjkt.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. 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 [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, 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) by email to [investor@balpharma.com](mailto:investor@balpharma.com)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to ([investor@balpharma.com](mailto:investor@balpharma.com)). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

### **THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE ANNUAL GENERAL MEETING ARE AS UNDER:-**

- 1) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- 2) Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- 3) Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- 4) The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.



**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM AREAS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under Shareholders/Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Shareholder/Members login where the EVEN of Company will be displayed. Please note that the 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 to avoid last minute rush. Further Members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at Company email id. The same will be replied by the Company suitably.
6. Shareholders who would like to express their views/ask questions during the Meeting may register themselves as a speaker and may send their request mentioning their name, demat account number/folio number, email id, mobile number at [investor@balpharma.com](mailto:investor@balpharma.com).
7. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting.

**Other Instructions:**

- (i) This AGM Notice is being sent to all the Members, whose names appear in the Register of Members/ List of Beneficial Owners as received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) as on 27th August, 2021. Any person, who acquires Shares of the Company and becomes a Member of the Company after sending of the Notice and holding Shares as of the cut-off date of 17th September, 2021, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- (ii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

- (iii) The Board of Directors has appointed Mr. Parameshwar G Bhat, Practising Company Secretary (Membership No. FCS 8860) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (iv) The Scrutinizer shall within a period not exceeding forty eight (48) hours from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Managing Director or designated Director of the Company.
- (v) The Results shall be declared within 2 working days from the conclusion of the Annual General Meeting. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.balpharma.com](http://www.balpharma.com) and on the website of NSDL within two (2) working days of passing of the resolutions at the AGM of the Company and also be communicated to BSE and NSE.
- (vi) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. Friday, September 24, 2021.

**Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013:**

**Item No.4:**

Based on the recommendation of Nomination and Remuneration Committee, Mr. Jatish Sheth was appointed as an Additional Director of the Company by the resolution passed through circulation on 28th December, 2020 and this resolution was taken note of in the Board Meeting held on 11th February, 2021 and he holds office till the date of the ensuing AGM and is eligible for appointment under the relevant provisions of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Independent Director and his office shall not be liable to retire by rotation.

The Board considers that the appointment of Mr. Jatish Sheth as Independent Director would be of significant value to the Company.

In the opinion of the Board, Mr. Jatish Sheth fulfill the conditions specified in the Companies Act, 2013 and SEBI (LODR) Regulations for his appointment as Independent Director of the Company.

A brief profile of Mr. Jatish Sheth is set out in the Annexure to the Notice.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of Institute of Company Secretaries of India.

Accordingly, the Board recommends his appointment as an Independent Director of the Company as an Ordinary Resolutions



set forth in Item No.4 of the Notice for approval of the Members.

The terms and conditions of appointments of Mr. Jatish Sheth shall be open for inspection by the Members at the Registered Office of the Company on all working days, between 11:00 A.M. and 01:00 P.M. up to the date of the Annual General Meeting.

Except Mr. Jatish Sheth none of the Directors, Key Managerial Personnel or their relatives financially or otherwise, are either interested or concerned in the said Resolutions.

#### **Item No.5**

The Board of Directors of the Company at its Meeting held on 29th June, 2021 on the recommendation of the Audit Committee, approved the appointment of Mr. M. R Krishna Murthy, Cost Accountant, Bangalore (Membership No.7568) as Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2021-22 as per the Companies (Cost Records and Audit) Rules, 2014, on remuneration of Rs. 40,000/- (Rupees Forty Thousand only) including applicable taxes and out of pocket

expenses at actuals.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a) (ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors as set out in the Resolution for the aforesaid services to be rendered by them.

None of the Directors, Key Managerial Personnel of the Company, and their relatives are in any way, concerned or interested, financial or otherwise, in the said Resolution.

The Board recommends the Ordinary Resolution set forth in Item No.5 of the Notice for the approval of Members.



**Annexure to the Notice**

**Additional Information of Director seeking the appointment /reappointment of Directors at the forthcoming Annual General Meeting (pursuant to Regulation 36 of SEBI(LODR) Regulations, 2015 (as amended from time to time) and Secretarial Standards on General Meetings issued by ICSI.**

<b>Name of the Director</b>	<b>Mr. Jatish Sheth</b>
DIN #	00581963
Date of Birth	18.08.1956
Original Date of Appointment/re-appointment	28.12.2020
Educational Qualifications	Graduate
Expertise in functional areas	24 years
Experience in Years	24 years
Terms and conditions of Appointment/ re- appointment and Remuneration	Appointed as Independent Director.
Remuneration last drawn	NA
No of Board Meetings attended during Financial Year 2020-21	2
Relationship with other Directors and Key Managerial Personnel.	NA
Directorship in other Companies /LLP's	1. Srushti Pharmaceuticals Pvt Ltd 2. Meganza Pharma LLP
Directorship in other listed Entities	NA
Membership/Chairmanship of committees in public limited companies	NA
No. of shares held in the Company (either directly or indirectly)	NA

**By the order of the Board of Directors  
For Bal Pharma Limited**

**Preeti Singh  
Company Secretary  
M. No A51854**

**Place: Bengaluru  
Date: 29.06.2021**



## MANAGEMENT DISCUSSION AND BUSINESS ANALYSIS

Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units.

Indian drugs are exported to more than 200 countries in the world, with US being the key market. Generic drugs account for 20% of the global export in terms of volume, making the country the largest provider of generic medicines globally. It is expected to expand even further in the coming years. The Indian pharmaceutical exports, including bulk drugs, intermediates, drug formulations, biologicals, Ayush & herbal products and surgical, reached US\$ 24.44 billion in FY21.

Indian pharmaceutical sector supplies over 50% of the global demand for various vaccines, 40% of the generic demand for US and 25% of all medicines for UK. India contributes the second-largest share of pharmaceutical and biotech workforce in the world. According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade.

India's domestic pharmaceutical market is estimated at US\$ 42 billion in 2021 and likely to reach US\$ 65 billion by 2024 and further expand to reach ~US\$ 120-130 billion by 2030.

India's medical devices market stood at US\$ 10.36 billion in FY20. The market is expected to increase at a CAGR of 37% from 2020 to 2025 to reach US\$ 50 billion.

'Pharma Vision 2020' by the Government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery. The Indian drugs and pharmaceuticals sector has received cumulative FDI inflows worth US\$ 17.75 billion between April 2000 and December 2020.

### **Covid impact, challenges and opportunities:**

The corona virus pandemic and its resultant lockdown has badly affected all major sectors of the economy, but it has come as a boon in disguise to the Indian pharmaceutical sector. Though some part of pharmaceutical business was affected such as supply chain and import of active pharmaceutical ingredients from China, Covid-19 has provided some opportunities in the pharmaceutical sector, especially in India.

In generic market, India is facing high competition from China for the supply of APIs at lower cost. India imports 70 per cent of the API needs from China. This created a lot of hardship to some of the domestic pharmaceutical firms manufacturing certain key APIs. India's health security was under threat due to heavy dependence on China coupled with shortage in supply of key APIs.

Some of the key APIs were crucial to mitigate the burden of accelerating disease like tuberculosis, diabetics and cardiovascular

diseases in India. The current dependence of Indian pharmaceutical companies on Chinese APIs created a serious concern for national health security, prompting the Government of India to set up a task force for reviewing the domestic API sector.

In view of the Covid-19 pandemic situation, the Government of India has taken important steps in proposing incentive package of Rs. 13.76 billion for the promotion of domestic manufacturing of critical key starting materials, drug intermediates, APIs and medical devices.

The MSME sector needs high focus in the above endeavour for twining public health and economic development.

To achieve self-reliance and minimise import dependency in the country's essential bulk drugs, the Department of Pharmaceuticals initiated a Production Linked Incentive (PLI) scheme to promote domestic manufacturing of API's and Formulations by setting up greenfield plants with minimum domestic value addition in four separate 'Target Segments' with a cumulative outlay of Rs. 6,940 crore (US\$ 951.27 million) from FY21 to FY30.

Under Union Budget 2021-22 has allocated to Ministry of Health and Family Welfare Rs. 73,932 crore (US\$ 10.35 billion) and the Department of Health Research has been allocated Rs. 2,663 crore (US\$ 365.68 billion). The government also allocated Rs. 37,130 crore (US\$ 5.10 billion) to the 'National Health Mission'. PM Aatmanirbhar Swasth Bharat Yojana was allocated Rs. 64,180 crore (US\$ 8.80 billion) to be spent over next six years. The Ministry of AYUSH was allocated Rs. 2,970 crore (US\$ 407.84 million), up from Rs. 2,122 crore (US\$ 291.39 million).

India plans to set up a nearly Rs. 1 lakh crore (US\$ 1.3 billion) fund to provide boost to Companies to manufacture pharmaceutical ingredients domestically by 2023 thereby reducing its dependency on imports.

### **Business Operations:**

The Company continues its business operations in single segment i.e. Pharmaceuticals and there is no change in the nature of business during the year under review.

### **Revenue and net profits:**

The Company has recorded revenue of Rs. 252 Crores for the financial year ended 31.03.2021 which is 44.58% growth in revenue when compared to the previous years revenue. EBITDA for the FY stood at Rs. 29.01 Cr driven by higher margins in domestic and international markets. Net profit before tax stood at Rs. 10.50 Crores for the current financial year as against loss of Rs. -9 Cr during FY 2019.20.

The Company has recorded a strong revenue contribution from its export business which has registered a growth of 59% YoY. API and Formulations segments are the growth drivers for Export revenue of the Company in 53:47 ratio.



Domestic Bulk Drug business of the Company has reported a revenue of Rs. 56.08 Cr. Anti Diabetic and Cardiac drugs continue to dominate the revenue earnings for the Company. API's also has its share in export business with Rs. 73.59 Cr in revenue contribution.

Formulations has shown its dominance in export business with over Rs. 86.62 Cr in revenue generation. Domestic sales of the formulations has recorded a revenue of Rs. 29.43 Cr. which is slightly lower than that of the previous years revenue of Rs. 39 Cr. The management has taken a conscious decision to restrict domestic institutional sales of formulations due to its longer working capital cycle and recoverability issues in domestic market.

Earnings per share for the FY 2020.21 stood at Rs. 6.41 as against loss of Rs. -6.28 recorded during the previous financial year.

**Key Financial Indicators:**

**Debtors Turnover:**

Debtors turnover during FY 2020.21 is 121 days. The Company is taking steps to improve the debtors turnover during the current fiscal.

**Inventory Turnover:**

3.61 is the inventory turnover for the year 2020.21 as against 2.49 during FY 2019.20. Widening of its product mix and improving the supply chain has helped the Company to improve the inventory turnover during the financial year.

**Interest Coverage Ratio:**

21.86 is the interest coverage ratio of the Company for the FY 2020.21 as against 2.81 during the previous year. Effective management of the working capital cycles and reduction in long term debt will further improve the Interest coverage ratio.

**Current Ratio:**

Current ratio for the year ended 31.03.2021 stood at 1.32 as against 1.24 for the previous financial year.

**Debt Equity Ratio:**

2.30 is the debt equity ratio of the Company for FY ended 31.03.2021 as against 3.56 during FY 2019.20.

**Operating profit margin:**

7.53% is the operating profit margin of the Company for the financial year ended 31.03.2021 which indicates the positive percentage of profits that the Company makes out of the total revenue from operations.

**Net profit margin:**

3.69% is the net profit margin of the Company for the FY 2020.21 which indicates the percentage of profits against its total revenue.

**Return on net worth:**

12% is the return on net worth of the Company for FY 2020.21 which is the indication of effective usage of Company's assets for profit maximisation.



Your Directors are pleased to present the Thirty Fourth (34th) Annual Report and the Audited Financial Statements of the Company, for the financial year ended 31.03.2021.

## FINANCIAL SUMMARY/ REVIEW OF OPERATIONS/STATE OF COMPANY'S AFFAIRS

Following is the analysis of the standalone financial statements of the Company during the year under review:

(in Rs. Crores)

Particulars	F.Y 2020-2021	F.Y 2019-2020
Total income from operations	252.00	174.30
Profit from operations before interest, other income and exceptional items	9.79	(9.07)
Tax Expense	0.69	(0.17)
Finance Cost	11.95	12.55
Profit after tax	9.09	(8.90)
Total Comprehensive Income	9.18	(9.20)
Earnings per share (In Rs)		
Basic and Diluted	6.41	(6.28)

The financial year 2020-21 was a year of robust performance by the Company. During the year, the revenue from operations recorded a growth of 44% in comparison to the revenue from the previous financial year 2019-2020. Consequently, the Profit after Tax (PAT) also recorded an increase of more than 200%.

Highlights of the Company's performance are covered in detail in the Management Discussion and Analysis Report (MDA), included in this Annual Report as required under Schedule V of SEBI (LODR) Regulations, 2015.

## DIVIDEND

The Board of Directors is pleased to recommend a Dividend of Re.1/- per Equity Share of Rs.10/- each, i.e 10% of the Equity Share Capital of the Company thereby appropriating an amount of Rs.1.48 Crores towards Dividend for the F.Y 2020-21

## UNCLAIMED DIVIDEND

In terms of Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the Rules) provides that the dividend that has remained unclaimed or unpaid for a period of seven years to be transferred to Investor Education and Protection Fund (IEPF). Further, the Rules mandate that the shares on which dividend has not been paid or claimed for seven consecutive years or more shall also be transferred to the IEPF.

During the year under review, the Company has transferred 97,284 Equity Shares of the shareholders, whose dividend is outstanding for 7 consecutive years and an amount of Rs 1,94,573 to the IEPF suspense account as per the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Shareholders holding shares in physical form are advised to encash their Dividend on time to avoid transfer of their shares to IEPF account.

## TRANSFERTO RESERVE

The Company does not propose to transfer any amount to general reserves.

## SHARE CAPITAL

With the allotment of 6,50,000 Equity Shares upon conversion of warrants, during the year under review the paid up capital of the Company has risen to Rs.14,82,23,720/- comprising of 1,48,22,372 Equity Shares of Rs.10 each.

## CONSOLIDATED FINANCIAL STATEMENTS

The Annual consolidated financial statements together with the Auditors Reports is annexed along with standalone financial statements for the financial year ended 31.03.2021.

## NEW PROJECTS / EXPANSION

The Company plans in advance on any future infrastructure requirements, growth opportunities and continuously strives hard to invest on the same. During the financial year under review, the Company has spent Rs.285.23 Lakhs towards capital expenditure.

## AUDITORS AND AUDITORS REPORT

### a) Statutory Auditors:

Messrs NSVM & Associates, Chartered Accountants (FRN # 010072S) were appointed as Statutory Auditors of the Company from the conclusion of 30th Annual General Meeting held on 22.09.2017 up to the conclusion of 35th Annual General Meeting i.e for a period of 5 years.

Pursuant to the amendment to Section 139 of the Act effective from 7th May 2018, ratification by Shareholders every year for the appointment of the Statutory Auditors is no longer required and accordingly, the notice of ensuing Annual General meeting does not include the proposal for seeking shareholders' approval for ratification of Statutory Auditors appointment.

In terms of the Listing Regulations, the auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI.

There are no observations, qualifications or adverse remarks by the Statutory Auditors in their report, issued for the financial year 2020-2021.

### b. Cost Auditors:

As required by the provisions of Section 148 of the Companies Act, 2013, Mr. M.R Krishna Murthy, Cost Accountant, (FCMA # 7568) was reappointed as the Cost Auditor of the Company for the financial year 2021-22, to conduct cost audit of the cost records maintained by the Company.





Cost Audit Report for the FY 2019- 2020 has been filed with the Ministry of Corporate Affairs on 06/01/2021.

**c. Secretarial Auditor:**

Pursuant to Section 204 of the Companies Act, 2013 and rules made thereunder and in compliance with Regulation 24A of SEBI (LODR) Regulations, Mr. Parameshwar G Bhat, Practising Company Secretary (CP# 11004) was appointed by the Board of Directors as the Secretarial Auditor of the Company for the financial year 2020-2021.

Secretarial Audit Report for the F.Y 2020-21 in Form MR-3 is annexed to this report as Annexure -1. No comments or remarks were made by the Auditor in his report for the F.Y 2020-21.

**d. Internal Auditors:**

Messrs Murugesh & Co, Chartered Accountant (M# 002233S) were appointed as the Internal Auditors of the Company for the F.Y 2020-21 and the internal audit reports issued by them were periodically reviewed by the Audit Committee and the management of the Company is apprised about the observations of the internal auditor and on corrective actions, if any, that needs to be taken.

**RISK MANAGEMENT**

The Risk Management Committee of the Company comprising of the functional heads of the Company will submit its periodical report to the Board of Directors on the measures to be taken for mitigation of potential risk factors that may affect the business of the Company.

The Risk Management Policy implemented by the Company which is designed to enable risks to be identified, assessed and mitigated appropriately, is available on the website of the Company <https://www.balpharma.com/pdf/finance/irl/Risk%20Management%20Policy.pdf>

**INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

Your Company has an adequate system of internal controls with clearly defined authority limits. Internal controls ensure that the Company's assets are protected against loss from unauthorised use or disposition and all transactions are authorised, recorded and reported in conformity with generally accepted accounting principles. These systems are designed to ensure accuracy and reliability of accounting data, promotion of operational efficiency and adherence to the prescribed management principles. These policies are periodically reviewed to meet business requirements. The Company has in place adequate internal financial controls with respect to financial statements.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In compliance with the provisions of Section 134(5) of the Companies Act, 2013, your Directors wish to confirm:

- ◆ That in preparing the annual accounts, all the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ◆ That the Directors had selected such accounting policies and applied them consistently and made judgements 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.
- ◆ That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing / detecting fraud and other irregularities.
- ◆ That the Directors had prepared the annual accounts on a going concern basis.
- ◆ That the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
- ◆ That the Company had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**RELATED PARTY TRANSACTIONS (RPT's)**

All contracts /arrangements / transactions entered by the Company during the financial year with related parties were in ordinary course of business and at arms' length basis and the same were undertaken after prior omnibus approval of the Audit Committee.

During the year, the Company has not entered into any contract/arrangement/transaction with the related parties that could be considered as material, as per the policy of the Company on materiality of related party transactions.

There were no materially significant related party transactions which could have potential conflict with the interests of the Company at large.

The Company's policy on the related party transactions as approved by the Board can be assessed from the website i.e <http://www.balpharma.com/pdf/finance/irl/Policy%20on%20Dealing%20with%20Related%20Party%20Transaction.pdf>.

Details of disclosure relating to the related party transactions under Section 188 of the Companies Act, 2013, form part of the notes to the financial statements provided in this annual report. Since all the transactions with related parties were in the ordinary course of business and at arms' length, and there were no material related party transactions, the statement in Form AOC-2, is not annexed to this report.



All the RPTs undertaken during the financial year are disclosed in the notes to the financial statements. For Further Details, your attention is drawn to the Related Party disclosures set out in Note No. 60 of the Standalone Financial Statements.

### **SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES**

During the year under review, the following Companies continued to be the subsidiaries of Bal Pharma Ltd. A report on the financial performance of each of the subsidiaries as per section 129(3) of the Companies Act, 2013 in the prescribed format AOC-I is provided in Annexure- 2 to the Board's Report and hence not repeated here, for the sake of brevity:-

Sl No	Name of the Company/LLP	Nature of Business	% of stake with Bal Pharma, as on 31.03.2021
1	Lifezen Healthcare Private Limited.	Marketing of OTC products.	99.40%
2	Bal Research Foundation	Research and Development.	80%
3	Balance Clinics LLP.	Diabetic care clinics.	80%
4	Golden Drugs Private Limited.	Manufacturing of API's	100%

### **SECRETARIAL STANDARDS**

Secretarial Standards i.e SSI & SS2 issued by the Institute of Company Secretaries of India (ICSI) relating to the Meetings of Board of directors and General Meetings, respectively have been duly followed by the Company.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP'S)**

Dr. Subbarao Prasanna, who was with the Company for a very long period of time as promoter and Executive Director of the Company passed away on 04th May, 2021 due to ill health. The Board of Directors of the Company places on record its sincere appreciation and gratitude for the services rendered by Dr. Subbarao Prasanna during his tenure.

Mr. Jatish Sheth (DIN # 00581963) was appointed as an Additional Director on the Board of the Company w.e.f 28.12.2020 by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee of the Company.

Your Board seeks the approval of the Members for Mr. Sheth's appointment, as Independent Director of the Company at the ensuing Annual General Meeting.

Resolutions for aforementioned appointments along with brief profile of the Directors proposed to be appointed, form part of the Notice of the AGM and the resolutions are recommended for Shareholders approval. Mr. Shailesh Siroya (DIN #00048109) Managing Director,

Mr. Virupakshaya Himesh (DIN # 08554422) Whole Time Director, Mr. Rengarajan Gopalakrishnan, Chief Financial Officer and Mrs. Preeti Singh, Company Secretary are the Key Managerial Personnel of the Company as on the date of this report.

### **DECLARATION OF INDEPENDENCE**

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence, as prescribed under Section 149(6) of the Companies Act, 2013.

The Independent Directors have also confirmed under Regulation 16(b) of SEBI (LODR) Regulations, 2015 that they are not Non-Independent Director of another Company on the Board of which any non-independent Director of the listed entity is an independent Director.

The Company has devised a policy for familiarization of Independent Directors on their roles, rights, responsibilities with the Company and the said policy is available on our website.

### **BOARD EVALUATION**

The Company has devised a policy for performance evaluation of the Board, Committees and Individual Directors. The evaluation process among others considers attendance of Directors at the Board and Committee Meetings, acquaintance with business, communication within the Board members, effective participation, domain knowledge, compliance with the internal code of conduct, vision and strategy.

The Company has also in place a Policy for Nomination and Remuneration of KMPs, Senior Management personnel and Directors of the Company, which is in compliance with Section 178 of the Companies Act, 2013. Policy guiding the nomination and remuneration of the Directors and KMP's can be accessed from our website [www.balpharma.com](http://www.balpharma.com)

The Board carried out annual performance evaluation of itself, Committees, Individual Directors and Chairman at their Meeting held on 17/03/2021.

Report on performance evaluation of the individual Directors, and Committees was reviewed by the Chairman and feedback was given to the Directors. The Board has expressed satisfaction over the overall functioning of the Board Members and their Committees, which are in line with the objectives and goals of the Company.

### **MEETINGS OF THE BOARD**

During the year under review, Eight (8) Meetings of the Board of Directors were held on 23rd May 2020, 29th July 2020, 08th September 2020, 28th October 2020, 11th November, 2020, 11th February 2021, 26th February 2021 and 17th March 2021.

The intervening gap between two Board Meetings was within the maximum period prescribed under the Act. The detailed information regarding Board and Committee meeting is furnished in the Corporate Governance Report, forming part of the Annual Report were held during the year under review.



**VIGIL MECHANISM**

The vigil mechanism of the Company which also incorporates Whistle Blower Policy as prescribed by SEBI(LODR) Regulations, 2015 includes compliance task force comprising of senior executives of the Company.

The policy of whistle blower is available on our website. The policy is reviewed by the Audit Committee from time to time and no concerns and/or irregularities were reported by the employees till date. Please access our website <https://www.balpharma.com/pdf/finance/irl/Whistle%20Blower%20Policy.pdf> to refer to the whistle blower policy of the Company.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTFLOW**

As per the provisions of Section 134 of the Companies Act, 2013, details relating to the conservation of energy, technology absorption, foreign exchanges earnings and outflow are given as Annexure -3 to this report.

**CORPORATE GOVERNANCE**

Your Company is committed to maintaining highest standards of Corporate Governance requirements set out by the Securities and Exchange Board of India. A detailed report on the corporate governance system and practices of the Company along with a certificate from the practising Company secretary confirming the compliance with the corporate governance requirements, are given in a separate section of this report as Annexure-4.

**PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEE'S GIVEN OR SECURITY PROVIDED BY THE COMPANY**

The Company has made investments and given trade advances to its subsidiaries for their business purpose. Details of loans, investments and advances covered under Section 186 of the Companies Act, 2013, form part of the notes to the financial statements provided in this annual report.

**DEPOSITS**

Your Company has not accepted any deposits from the public falling within the purview of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014.

**MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND UP TO THE DATE OF THIS REPORT**

There have been no material changes or commitments affecting the financial position of the Company between the end of the financial year and as on the date of this report. There has been no change in the nature of business or constitution of the Company.

**ANNUAL RETURN**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, Copy of the Annual Return as on March 31st, 2021 is available on the website of the Company [www.balpharma.com](http://www.balpharma.com).

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As per the provisions of Section 135 of the Companies Act, 2013, the Company has constituted a CSR Committee. As on the date of report following is the composition:

- 1. Mr. H S Venkatesh - Chairman
- 2. Dr. C. V Srinivas - Member
- 3. Mr. Shailesh Siroya - Member

The Committee has formulated a Corporate Social Responsibility policy which recommends the social activities to be undertaken by the Company, as specified in Schedule VII of the Companies Act, 2013. A copy of the said policy is available on the website [i.e. http://www.balpharma.com/pdf/finance/irl/CSR%20Policy.pdf](http://www.balpharma.com/pdf/finance/irl/CSR%20Policy.pdf).

The Committee has not recommended any CSR budget for the financial year 2020-21 due to inadequate profits during the last 3 financial years on consolidated basis.

**HUMAN RESOURCES**

Human resources of the Company have major share in the growth and development of the Company. The Company continues to hire new talent in order to keep pace with the new projects and initiatives undertaken. The Management of the Company aims to strengthen its employee relations through progressive people management.

**LISTING WITH STOCK EXCHANGES**

The Equity Shares of the Company continued to be listed on BSE Limited, and National Stock Exchange of India Limited, and the Company has paid the annual listing fees for FY 2021-22 to the Exchanges.

**PARTICULARS OF EMPLOYEES**

There are no employees who are in receipt of remuneration in excess of the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rules 5(1), 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as "Annexure -5" to this report.

**CEO & CFO CERTIFICATION:**

The CEO and CFO of the Company in their submission to the Board have confirmed that the annual financial statements presents a true and fair view of the Company's affairs and do not omit any material facts, which may make the statements or figures contained therein either misleading or false.

**INSURANCE COVERAGE**

The Management of the Company wishes to confirm that all the movable, immovable and current assets of the Company are covered with comprehensive and adequate insurance cover.



## CREDIT RATING

The discipline with which the Company conducts its financial transactions is reflected in the BB rating given by the credit rating agency ICRA for the financial year 2020-2021. The Management of the Company aims at further improving its credit rating during the current financial year.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an anti-sexual harassment policy on lines with the requirements of the sexual harassment of women at the workplace (Prevention, Prohibition and Redressal) Act, 2013. All the employees of the Company either they are permanent, contractual, temporary or trainees, are covered by the policy.

The following is the summary of the Complaints regarding sexual harassment, received and redressed during the financial year 2020-21.

Number of Complaints received during the year	: Nil
Number of Complaints resolved	: NA
Number of Complaints pending at the end of the year	: NA

## GENERAL INFORMATION:

Your Directors Report that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to the deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential voting rights with respect to dividend, voting etc.
3. Issue of shares (including sweat equity shares) to the employees of the Company under any scheme.
4. Neither the Managing Director nor the whole time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the regulators or courts or tribunals which impacts the going concern status of the Company and its operations in future.
6. No fraud has been reported by the Auditors to Audit Committee or the Board during the year.

## REVISION OF FINANCIAL STATEMENT OR THE REPORT:

As per the Secretarial Standards-4 in case the company has revised its financial statement or the Report in respect of any of the three preceding financial years either voluntarily or pursuant to the order of a judicial authority, the detailed reasons for such revision shall be disclosed in the Report of the year as well as in the Report of the relevant financial year in which such revision is made.

In your Company there is no revision of Financial Statement took place in any of the three preceding financial years under consideration.

## CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC):

There is no such process initiated during the year, therefore said clause is not applicable to the Company.

## FAILURE TO IMPLEMENT ANY CORPORATE ACTION:

There were no such events took place during the year under consideration.

## Appreciation:

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

**For and on behalf of Board of Directors**

**Bal Pharma Limited**

**Place: Bengaluru**

**Date: 29.06.2021**

**Himesh Virupakshya**

**Whole-Time Director**

**Shailesh D Siroya**

**Managing Director**



## Annexure-I

### Form No. MR-3

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31.03.2021

[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  
Bal Pharma Limited  
Bangalore

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bal Pharma Limited (CIN: L85110KA1987PLC008368) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
  - (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
  - (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (i) Circulars/Guidelines issued there under;
- (vi) The Industry specific laws applicable to the Company are as follows:
  - a) Pharmacy Act, 1948
  - b) Drugs and Cosmetics Act, 1940
  - c) Homeopathy Central Council Act, 1973
  - d) Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954
  - e) Narcotic Drugs and Psychotropic Substances Act, 1985
  - f) Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974
  - g) The Medicinal & Toilet Preparations (Excise Duties) Act, 1955



- h) Petroleum Act, 1934
  - l) Poisons Act, 1919
  - j) Food Safety and Standards Act, 2006
  - k) Insecticides Act, 1968
  - l) Biological Diversity Act, 2002
  - m) The Indian Copyright Act, 1957
  - n) The Patents Act, 1970
  - o) The Trade Marks Act, 1999
- (vii) The other general laws as may be applicable to the Company including the following:

**(I) Employer/Employee Related Laws & Rules:**

- i. Industries (Development & Regulation) Act, 1951
- ii. The Factories Act, 1948
- iii. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
- iv. The Apprentices Act, 1961
- v. The Employees Provident Fund & Miscellaneous Provisions Act, 1952
- vi. The Employees State Insurance Act, 1948
- vii. The Workmen's Compensation Act, 1923
- viii. The Maternity Benefits Act, 1961
- ix. The Payment of Gratuity Act, 1972
- x. The Payment of Bonus Act, 1965
- xi. The Industrial Disputes Act, 1947
- xii. The Trade Unions Act, 1926
- xiii. The Payment of Wages Act, 1936
- xiv. The Minimum Wages Act, 1948
- xv. The Child Labour (Regulation & Abolition) Act, 1970
- xvi. The Contract Labour (Regulation & Abolition) Act, 1970
- xvii. The Industrial Employment (Standing Orders) Act, 1946
- xviii. Equal Remuneration Act, 1976
- xix. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Services) Act, 1979
- xx. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- xxi. Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1996
- xxii. Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013
- xxiii. Dangerous Machines (Regulation) Act, 1983
- xxiv. Indian Boilers Act, 1923
- xxv. The Karnataka Shops & Establishments Act, 1961
- xxvi. The Industrial Establishments (National and Festival Holidays) Act, 1963
- xxvii. For majority of Central Labour Laws, the State has introduced Rules [names of each of the Rules is not included here]

**2) Environment Related Acts & Rules:**

- i. The Environment Protection Act, 1986
- ii. The Water (Prevention & Control of Pollution) Act, 1974
- iii. The Air (Prevention & Control of Pollution) Act, 1981
- iv. Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules, 2008.

**3) Economic/Commercial Laws & Rules:**

- i. The Competition Act, 2002
- ii. The Indian Contract Act, 1872
- iii. The Sales of Goods Act, 1930
- iv. The Forward Contracts (Regulation) Act, 1952
- v. The Indian Stamp Act, 1899
- vi. The Transfer of Property Act, 1882

I have also examined compliances with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. SS - I and SS - 2.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above as may be applicable during the year under review. Certain non material findings made during the course of the audit relating to the provisions of Companies Act, 2013, Secretarial Standards, Labour Laws were addressed suitably by the Management.

Further, I report that as per the details and documents provided before me, the Company has already taken steps towards installing a Structured Digital Database (SDD) in software format with the required details as prescribed in Regulation 3(5) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, and represented that there is a robust prevailing system for tracking of sharing the Unpublished Price Sensitive Information (UPSI) through ERP.

Further, I report that with regard to financial and taxation matters, I have relied on the Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the Act except for the one point mentioned in the above observation.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.



Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

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

I further report that I could not physically verify few documents/registers/returns due to Lockdown situation in relation to outbreak of Pandemic Covid-19 and I have relied up on the soft copies/information shared with me.

Place: Bangalore  
Date: 29.06.2021

Parameshwar G. Bhat  
FCS No.: 8860  
C P No.: 11004  
UDIN: F008860C000543933

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

## Annexure

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, GST Act.
4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bangalore  
Date: 29.06.2021

Parameshwar G. Bhat  
FCS No.: 8860  
C P No.: 11004



## Annexure-2

## Form AOC-I

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

(Amount in Rs)

Particulars Sl. No.	1	2	3	4
Name of the subsidiary	<b>Lifezen Healthcare Private Ltd.</b>	<b>Bal Research Foundation</b>	<b>Balance Clinics LLP</b>	<b>Golden Drugs Private Ltd.</b>
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA	NA
Share capital	2,00,00,000	10,00,000	10,00,000	3,59,00,000
Reserves & surplus	-17,50,40,068	-15,03,053	-1,75,74,804	-5,15,29,782
Total assets	1,62,48,404	5,16,230	58,86,183	18,40,80,424
Total Liabilities	17,12,88,472	10,19,283	2,24,60,986	19,92,28,857
Investments	0	0	0	0
Turnover	1,23,67,663	0	62,88,182	88,08,976
Profit before taxation	-45,15,348	-4,95,970	-12,74,802	-5,13,51,417
Provision for taxation	-9,770	0	-26,260	-1,30,52,370
Profit after taxation	-45,05,578	-4,95,970	-12,48,542	-3,82,99,047
Proposed Dividend	NIL	NIL	NIL	NIL
% of shareholding	Bal Pharma Ltd=99.40 % Bennett, Coleman & Co Ltd=0.1% Shailesh Siroya=0.5 %	Bal Pharma Ltd=80% Shailesh Siroya=20%.	Bal Pharma Ltd=80% Shailesh Siroya=20%.	Bal Pharma Ltd = 100%

1. Names of subsidiaries which are yet to commence operations - NA  
2. Names of subsidiaries which have been liquidated or sold during the year - NA

## Part "B": Associates and Joint Ventures: NA

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.



### Annexure-3

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

The Company is planning to shift its focus from utilization of conventional energy sources like gas, oil, coal etc to non-conventional energy sources like solar and wind energy. Even though the cost of migrating to the non-conventional energy resources is high due to expenditure on infrastructures etc but in the long run, the energy generated from non-conventional resources will be cost effective and will also result in emission of less carbon into the environment.

#### Technology absorption & Adaptation:

The Research and Development section of the Active Pharmaceutical Ingredient division of Bal Pharma has been, as is its usual wont, quite active in the past year. The R&D personnel have engaged themselves in working on new products of interesting and varied therapeutic segments. In several cases, new routes of manufacture have been developed to reach the final form of novel drugs to economies the routes. These new drug products are generating interest from international markets.

In general terms, the drugs that have been worked on belong to the category of treatment of varied afflictions like constricted blood vessels, spinal cord disorders which are accompanied by muscle spasms, uncontrolled bladder muscle contraction etc.

An antihistamine products produced by Bal Pharma is doing well in international market. To add to this repertoire one more drug of the same property has been developed. Like its predecessor, it is non-sedating and has long lasting activity.

Pulmonary artery hypertension is to a large extent associated with life style diseases. Bal Pharma has worked on a drug to treat this. Restless legs syndrome is another manifestation of this life style disease. For this a molecule is under development.

Work on a cough suppressant which mitigates the unwanted bulbar center's activity is also through.

The other category that has received attention is developing a drug to treat psychic disorders.

Diabetes is an affliction that has become quite common. New molecules with better effectiveness are being worked on in the Research and Development Laboratory. Import substitution studies on indigenous production of N-amino and Carboxamide, critical raw materials for the manufacture of Gliclazide which controls nearly 20% share of world market, was successfully conducted during the year and the batches are ready for scale up to commercial production. This effort of backward integration of the Company will lessen the dependence on Chinese imports for API's.

#### Expenditure on R&D during the financial year ended 31-03-2021:

(Amount in Lakhs)

i) Revenue Expenditure	202.45/-
<b>ii) Total Expenditure</b>	<b>202.45/-</b>
<b>iii) Total R&amp;D expenditure as a percentage of total turnover.</b>	<b>0.80%</b>

#### Foreign Exchange earnings and outflow:

Amount (In Lakhs)

	2020-21	2019-20
<b>Total Foreign Exchange Earnings</b>	15,042.68	10,345.49
<b>Total Foreign Exchange outflow</b>		
a) Towards purchase of raw materials	5,592.00	27.16
b) Towards purchase of capital goods.	NIL	24.53
c) Towards other foreign currency payments		
i) Travelling Expenses	22.58	70.84
ii) Registration fees	15.80	12.06
iii) Commission on Export Sales	90.86	73.01
iv) Export Promotion Expenses	56.16	106.95



## Annexure-4

**CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR-2020-2021**

Bal Pharma Limited believes that a Good Corporate Governance Practice is all about maintaining a transparent governance and has been laying significant emphasis on Corporate trustworthy relationship with all its stakeholders, employees, shareholders, vendors, lenders and policy makers. Corporate Governance practises of the Company encompasses a set of system and practises which are aimed at meeting the investors aspirations and societal expectations. The Board considers itself as a Trustee of its Stakeholders and acknowledges its responsibilities towards them for safeguarding their interests.

**I. BOARD OF DIRECTORS:****I.1 Composition :**

During the year under review, the Board consist of Seven (7) Directors, of which Three (3) Directors are Independent Directors. The composition of Board is in conformity with the relevant Regulations of the SEBI (LODR) Regulations, 2015.

**Composition of the Board is as follows:**

Sl. No.	Name of the Director	DIN	Designation
1)	Mr. Shailesh Siroya	00048109	Managing Director
2)	Dr. S Prasanna*	00084602	Whole Time Director
3)	Mr. Himesh Virupakshya	08554422	Whole Time Director
4)	Dr. C.V Srinivas	08495304	Independent Director
5)	Mr. H S Venkatesh	01776040	Independent Director
6)	Ms. Nicola Neeladri	01997936	Independent Director
7)	Mr. Jatish Sheth#	00581963	Additional Director (Non Executive)

**\* Dr. Subbarao Prasanna retired as Executive Director of the Company w.e.f 30.10.2020 after completion of his tenure. He has confirmed that there is no material reason for his exit from the Board other than what is stated above.**

**# Mr. Jatish Sheth was inducted into the Board as Additional Director (Non-Executive) w.e.f 28.12.2020.**

All the Independent Directors possess the requisite qualifications and are experienced in their own fields. None of the Directors is a Director in more than Eight (8) Listed Companies or Ten (10) Public Limited Companies or acts as an Independent Director in more than Seven (7) Listed Companies. Further, none of the Directors are the members of more than ten committees or Chairman of more than five Committees in Public Listed Companies in which they are Directors. Necessary disclosures have been obtained from all the Directors regarding their Directorship's and have been taken on record by the Board.

The Board of Directors confirms that all the Independent Directors of the Company fulfill the conditions specified under SEBI (LODR) Regulations, 2015 and are Independent of the Management of the Company.

**I.2 Board Meetings:**

During the financial year under review, 8 (Eight) Board Meetings were held on 23-05-2020, 29-07-2020, 08-09-2020, 28-10-2020, 11-11-2020, 11-02-2021, 26-02-2021 and 17-03-2021. Compositions of the Board, attendance of the members of the Board at the Board meetings and Annual General Meeting along with their Chairmanship/Membership on the Boards/Committees as on 31.03.2021, are as furnished below:

Sl. No.	Name of Director	Category	No. of Board Meeting attended during the year	Whether attended last AGM held on September, 25, 2020	Number of Directorships in other Public Companies as on this Report		Number of Committee positions held in other Public Companies as on this Report		Directorship in other listed entity (Category of Directorship) as on this Report
					As Chairman	As Member	As Chairman	As Member	
1	Mr. Shailesh Siroya	Executive Director	8	Yes	0	0	0	0	0
2	Dr. C.V Srinivas	Non-Executive Independent Director	7	Yes	0	0	0	0	0
3	Mr. Himesh Virupakshya	Executive Director	8	Yes	0	0	0	0	0
4	Mr. H S Venkatesh	Non-Executive Independent Director	6	Yes	0	2	1	0	I. Mro-Tek Realty Limited- Independent Director
5	Ms Nicola Neeladri	Non-Executive Independent Director	7	Yes	0	2	0	2	I. Mro-Tek Realty Limited: Independent Director
6	Mr. Jatish Sheth*	Non-Executive Additional Director	2	NA	0	0	0	0	0

**\*Mr. Jatish Sheth was inducted into the Board as an Additional Director (Non-Executive) w.e.f 28.12.2020.**

#### Notes:

- Other directorships excludes Foreign Companies, Private Limited Companies and alternate Directorships.
- Only membership in Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee have been reckoned for other Committee memberships.
- None of the Directors has any Directorship in other listed Companies.
- All the Directors possess requisite qualifications, experience and expertise in leadership, Mentorship, Business ethics and vision to achieve the goals of the Company, which the Board has identified as key functional areas which a Director should possess and which are in sync with the business and operations of the Company.
- There are no inter-se relationships between our Board Members.

Declaration under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018:

All the Directors have confirmed that they are neither debarred nor disqualified from being appointed or continuing as Director by Securities and Exchange Board of India / The Ministry of Corporate Affairs or any such statutory authority. The Company has obtained a Certificate to this effect from Mr. Vijayakrishna K.T., Practising Company Secretary, Bangalore as mandated under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

Brief profile of the Directors in the Board of Directors as on date of this Report are:

#### i) Mr. Shailesh D Siroya, Managing Director

Mr. Shailesh D Siroya is the Chief Promoter and Managing Director of the Company and with over 29 years of pharmaceutical Industry experience. He is Graduate from Akron University, Ohio, USA and is heading the Management team of the Company since its inception.

#### ii) Mr. Himesh Virupakshaya, Executive Director

Mr. Himesh Virupakshaya is a qualified Chemical Engineer with over 33 years of experience in the field of manufacturing of API and has served several reputed pharmaceutical Companies including Bal Pharma Limited.

**iii) Dr.CV Srinivas, Independent Director**

Dr. CV Srinivas is an ENT Surgeon with over 21 years of experience in the field of Medical Consultation, Health Care, ENT Surgeries, Advisory Services and Clinical Research Studies.

He advises the Company in its R & D department and commercialization of new molecules in market.

**iv) Mr.H S Venkatesh, Independent Director**

Mr. H S Venkatesh is a Chartered Accountant by profession with over 36 years of experience in Audit, Finance, Fund Management and Statutory Compliance.

**v) Ms. Nicola Neeladri, Independent Director**

Ms. Nicola Neeladri is a graduate in Arts with over 11 years of experience in diverse businesses including the wellness industry.

**vi) Mr. Jatish Sheth, Additional Director**

Mr. Jatish Sheth is a graduate and having 24 years of pharmaceutical Industry experience. He has been very actively associated with KDPMA- Karnataka Drugs and Pharmaceuticals Manufacturers' Association since twenty years, and has the credit of holding posts of Joint Secretary, Secretary and President and currently Managing Committee and Steering Committee member of KDPMA. He is also an Executive Member of the CII National Committee of Pharmaceuticals.

In the Opinion of the Board, the Independent Director possesses the integrity, expertise and experience and are the person of high integrity and repute. They fulfill the conditions specified in the Companies Act, 2013 and the rules made thereunder and are independent of the management.

Detail Profile of the Directors in the Board of Directors of our Company are also uploaded on our website <https://www.balpharma.com/pdf/finance/irl/Profile%20of%20Directors.pdf>.

**1.3 Skills / expertise / competencies fundamental for the effective functioning of the Company currently available with the Board:**

Based on the recommendation of the Committee, the Board re-affirmed the matrix setting out the skills/expertise/competence required for the Board in the context of the business and sector. The matrix inter-alia included areas such as Global Business, Strategy and Planning, Governance, Pharma Expertise, Finance and Accounts, Research and Development. As on the date of this Report, details of the Directors and their skills/expertise/competencies are following:

Skills/expertise/competencies	Mr. Shailesh Siroya	Mr. Himesh Virupakshaya	Dr. CV Srinivas	Mr. H S Venkatesh	Ms. Nicola Neeladri	Mr. Jatish Sheth
Global Business	Yes	Yes	Yes	Yes	Yes	Yes
Strategy and Planning	Yes	Yes	Yes	Yes	Yes	Yes
Governance	Yes	Yes	Yes	Yes	Yes	Yes
Pharma Expertise or Industrial Knowledge	Yes	Yes	Yes	-	-	Yes
Finance and Accounts	Yes	-	-	Yes	-	-
Research and Development	Yes	-	Yes	-	-	Yes

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.



#### **1.4 TRANSACTIONS OF THE BOARD**

Board Meetings are governed by structured agenda. The Board, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to make informed decisions. Agenda papers and all the supporting information are circulated at least seven working days prior to the Board Meeting date among the Board members.

The following are, among other things tabled before the Board's for its periodic review/information/approval:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of Meetings of the Audit Committee and of Subsidiaries and other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment of goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions which involve any substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risk of adverse exchange rate movement, if material.
- Non-Compliance of any regulatory, statutory or listing requirements and Shareholder services such as non-payment of dividend, delay in share transfer etc.

#### **1.5 BOARD COMMITTEES:**

Currently, the Board has 5 (five) Committees namely (1) Audit Committee (2) Nomination and Remuneration Committee (3) Stakeholders' Relationship Committee (4) Corporate Social Responsibility Committee and (5) Banking Transaction Committee (Non Statutory Committee).

The Board decides the terms of reference of these Committees and the assignment of its Members thereof.

#### **2. AUDIT COMMITTEE:**

The Audit Committee assists the Board in the dissemination of financial information and in overseeing the financial and accounting processes in the Company. The terms of reference of Audit Committee covers all matters specified in SEBI (LODR) Regulations, 2015 and also those specified in Section 177 of Companies Act, 2013.

2.1 The terms of reference broadly include:

- Review of internal Audit Reports and action taken reports.
- Assessment of the efficiency of internal control systems/ financial reporting systems and reviewing the efficiency of the financial policies and the practices followed by the Company.
- Review of the compliances with the legal and statutory requirements, the quarterly and annual financial statement and related party transactions and report its findings to the Board.
- Recommendations of the appointment of the Internal Auditor, Statutory Auditor and Cost Auditor.
- Noting of any default in the payments to Creditors and Shareholders.
- Such other matters as may be specifically referred to it by the Board.



2.2 The Audit Committee comprises of the following Directors for the year ended 31st March, 2021

Sl. No.	Name & Designation of the Member	Category
1.	Mr. H S Venaktesh, Chairman	Independent Director
2.	Ms. Nicola Neeladri, Member	Independent Director
3.	Dr. CV Srinivas, Member	Independent Director

As on 31st March, 2021, the Committee comprised of three Independent Directors all of whom are financially literate and have relevant finance/ audit exposure.

The Company Secretary acts as the Secretary to the Committee.

The composition of the Audit Committee is as per the SEBI (LODR) Regulations, 2015. Chairman of the Audit Committee was present at the previous Annual General Meeting of the Company through audio visual means held on 25th September, 2020.

The Audit Committee met five (5) times during the year on 23-05-2020, 29-07-2020, 08-09-2020, 11-11-2020 and 11-02-2021. The details are as follows

Sl. No.	Name of the Member	Number of Meeting attended
1.	Mr. H S Venaktesh	5
2.	Ms. Nicola Neeladri	5
3.	Dr. CV Srinivas,	5

### 3. NOMINATION AND REMUNERATION COMMITTEE :

The Nomination and Remuneration Committee functions as per the provisions of Section 178 of the Companies Act, 2013.

#### 3.1 Brief description of terms of reference:

- To guide the Board in relation to appointment and removal of the Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and commitment relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity.
- To develop a succession plan for the Board and to regularly review the plan.

#### 3.2 The Nomination and Remuneration Committee comprises of the following Directors:

Sl. No.	Name & Designation of the Member	Category
1.	Mr. H S Venaktesh, Chairman	Independent Director
2.	Ms. Nicola Neeladri, Member	Independent Director
3.	Dr. CV Srinivas, Member	Independent Director

*\*Ms. Nicola Neeladri and Mr. H S Venaktesh were inducted in this Committee of the Board after their appointment w.e.f 23.05.2020*

The Nomination and Remuneration Committee met once during the year on 23-05-2020. The details are as follows:



Sl. No.	Name of the Member	Number of Meeting attended
1.	Mr. H S Venaktesh	1
2.	Ms. Nicola Neeladri	1
3.	Dr. CV Srinivas,	1

### 3.3 Remuneration Policy:

The Company has framed detailed Remuneration Policy as per the requirement of the Companies Act, 2013. The policy is available on the website of the Company ([www.balpharma.com/pdf/Nomination\\_and\\_Remuneration%20Policy.pdf](http://www.balpharma.com/pdf/Nomination_and_Remuneration%20Policy.pdf)).

3.4 The Nomination and Remuneration Committee is also authorized to function as 'Compensation Committee' under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

3.5 The Remuneration paid to Mr. Shailesh Siroya (Managing Director), Dr. S. Prasanna and Mr. V. Himesh (Whole Time Director), and sitting fee paid to Non-executive Director and Independent Directors, during the year 2020-21 are as under:

Sl. No.	Particulars	Mr. Shailesh Siroya	Dr. Subbarao Prasanna	Mr. Himesh Virupakshaya	Dr. CV Srinivas	Mr. H S Venkatesh	Mrs. Nicola Neeladri	Mr. Jatish Sheth
1.	Salary and Perquisites	Rs. 1,02,00,000	Rs. 19,60,000	Rs. 30,49,455	NA	NA	NA	NA
2.	Sitting Fees	N.A	N.A	NA	Rs. 45,000	Rs. 45,000	Rs. 37,000	Rs. 10,000
	<b>TOTAL</b>	<b>Rs. 1,02,00,000</b>	<b>Rs. 19,60,000</b>	<b>Rs. 30,49,455</b>	<b>Rs. 45,000</b>	<b>Rs. 45,000</b>	<b>Rs. 37,000</b>	<b>Rs. 10,000</b>

Remuneration paid to Whole Time Directors, KMPs and Employees of the Company is based on the Remuneration policy adopted by the Company.

3.6 There were no pecuniary relationships or transactions of the Non-executive Directors vis-a-vis the Company during the Financial Year ended 31st March, 2021.

### 3.7 Details of Equity Shares held by Non-executive Directors as on 31.03.2021:

Sl. No.	Name of the Member	Number of Meeting attended
1.	Dr. CV Srinivas,	NIL
2.	Mr. H S Venaktesh	NIL
3.	Ms. Nicola Neeladri	NIL

**4. STAKE HOLDERS' RELATIONSHIP COMMITTEE:****4.1 The Committee consists of the following Members of the Board:**

Sl. No.	Name & Designation of the Member	Category
1.	Mr. H S Venaktesh, Chairman	Independent Director
2.	Ms. Nicola Neeladri, Member	Independent Director
3.	Dr. CV Srinivas, Member	Independent Director
4.	Mr. Shailesh Siroya, Member	Executive Director

**4.2 The Committee meets on need basis to resolve the matters under its reference.****4.3 Investor Queries/Requests/ Complaints handled:**

Year	Outstanding as on 31.03.2020	Received during the FY 2020-2021	Resolved during the FY 2020-2021	Pending as on 31.03.2021
2020-2021	NIL	0	0	0

As on date of this Report, Mrs Preeti Singh is the Company Secretary and Compliance Officer of the Company.

**5. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:****5.1 The Committee consists of the following Members of the Board:**

Sl. No.	Name & Designation of the Member	Category
1.	Mr. H S Venaktesh, Chairman	Independent Director
2.	Dr. CV Srinivas, Member	Independent Director
3.	Mr. Shailesh Siroya, Member	Executive Director

The CSR Committee was reconstituted after retirement of Dr.S Prasanna and induction of Mr.CV Srinivas in the Committee as an Independent Director w.e.f 11.11.2020.

5.2 As the Company did not have adequate profits during last 3 financial years on consolidated basis , the Committee has not recommended any CSR budget for FY 2020-21 and there was no meeting of CSR Committee during the financial year.



## 6. OTHER COMMITTEES:

### 6.1 Banking Transactions Committee.

Considering the size and the continuous growth of both the Company and its banking transactions, a Sub-Committee of Board, named as Banking Transactions Committee was constituted on 30th April, 2006 for approving specific banking transactions, annexed below:

- To review periodically the banking transactions of the Company;
- To open new bank accounts for the business purposes of the Company, wherever required;
- To close bank accounts of the Company, where required
- To change signatories to the bank accounts of the Company, where required;
- To borrow funds from various Banks and financial institutions, within the limits prescribed towards working capital and for purchase of movable and immovable assets and to create charge of these assets.

The Committee comprises of Mr. Shailesh Siroya, Executive Director, Mr. V Himesh Executive Director and Mr. H S Venkatesh Independent Director.

## 7. MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors of the Company had met on 10.03.2021, to review the performance of Non-Independent Directors and the Board as a whole, to review the performance of the Chairperson of the Company and has accessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

The Company has also during the year conducted familiarization programmes for Independent Directors of the Company and the details of such familiarization programmes were disseminated on the websites of the Company <http://www.balpharma.com/pdf/finance/irl/Familiarization%20Programmes%20Imparted%20to%20Independent%20Directors.pdf>.

## 8. GENERAL BODY MEETINGS:

### 8.1 The details of the last three Annual General Meetings held are as follows:

Financial Year	Date	Time	Location
2019-2020	25-09-2020	11:00 AM	Through Audio Visual Means
2018-2019	23-09-2019	10:30 AM	Bharatiya Vidya Bhavan, Race Course Road, Bengaluru - 560001.
2017-2018	22-09-2018	11:00 AM	Bharatiya Vidya Bhavan, Race Course Road, Bengaluru - 560001.

### 8.2 The Special Resolutions passed by the Company in its 31st, 32nd and 33rd AGM(s) are as under:

Date of AGM	AGM No.	Business Transacted by Special Resolution
25-09-2020	33rd	<ul style="list-style-type: none"> <li>• To authorize Board of Directors to exercise powers pursuant to Section 180 (1) (a) of the Companies Act, 2013.</li> <li>• To renew contract with Messrs Desa Marketing International.</li> <li>• Issue of Warrants to Promoters on Preferential basis.</li> </ul>
23-09-2019	32nd	<ul style="list-style-type: none"> <li>• To increase Authorised Share Capital of the Company from the existing capital of `Rs. 15,00,00,000/- to `Rs. 20,00,00,000/</li> <li>• To Alter the Capital Clause of Memorandum of Association</li> <li>• To Alter the Capital clause of Articles of Association</li> <li>• To reappoint Mr. Shailesh Dheerajmal Siroya as the Managing Director of the Company and to fix the remuneration.</li> <li>• To reappoint Mr. Pramod Kumar. S as an Independent Director of the Company.</li> </ul>
22-09-2018	31st	<ul style="list-style-type: none"> <li>• To increase the investments limits of NRI's and FPI's in the Share Capital of the Company.</li> <li>• To reappoint Dr. Subba Rao Prasanna as the whole time Director of the Company.</li> </ul>



### 8.3 e - Voting:

The Company has entered into a tripartite agreement with National Securities Depository Ltd (NSDL) and TSR Darashaw Consultants Private Limited Mumbai (R&T agents) for providing e-voting facility to shareholders, as specified in Section 108 of the Companies Act, 2013 and Regulation 44 of the SEBI (LODR) Regulations, 2015.

### 8.4 Postal Ballot:

The Company has not passed any resolution by way of Postal Ballot during the Financial year 2020-2021.

## 9. SUBSIDIARY /ASSOCIATE COMPANIES:

During the year under review, Lifezen Healthcare Private Limited, Bal Research Foundation, Balance Clinics LLP and Golden Drugs Private Ltd continued to be the Subsidiaries of the Company.

## 10. WHISTLE BLOWER POLICY:

The Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour.

As per the requirements of the SEBI (LODR) Regulations, 2015, the Company has issued a circular including its employees, about their right to access the Audit Committee for the purpose of bringing to the Committee's notice unethical or improper practices in the Company. The Company affirms that no employee has been denied access to the Audit Committee. The Directors and Management personnel are obliged to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discrimination.

## 11. DISCLOSURES:

### 11.1 Related Party Transactions:

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management, their Subsidiaries or relatives, which may have potential conflicts with the interest of the Company at large.

The Company has also formulated a policy for determining the material Related Party Transactions and detail of such policies for dealing with related party and the related party transactions are disseminated in the website of the Company. ([www.balpharma.com/pdf/Policy\\_on\\_dealing\\_with\\_Related\\_Party\\_Transactions.pdf](http://www.balpharma.com/pdf/Policy_on_dealing_with_Related_Party_Transactions.pdf)).

### 11.2. Compliances:

The Company has complied with the statutes applicable to it during the year under review.

### 11.3. Demat suspense Account:

As the Company do not have any outstanding /unclaimed shares, not reported the details of the outstanding shares in the demat suspense account.

### 11.4: Transfer of shares to IEPF Suspense Account:

During the year under review, the Company has transferred 97,284 Equity Shares of the shareholders, whose dividend is outstanding for 7 years and above, to the IEPF suspense account, as per the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Shareholders holding shares in physical form are advised to encash their Dividend on time to avoid transfer of their shares to IEPF a/c.

### 11.5 Disclosure under the sexual harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

Details are already mentioned in Board Report, forming part of the Annual Report.

## 12. MEANS OF COMMUNICATION:

- The Unaudited quarterly financial results of the Company are published in newspapers such as Financial Express, Bengaluru & Mumbai editions and Sanjevani newspapers. The financial results are uploaded on the website on periodic intervals for the benefit of our shareholders.
- The financial result and other information about the Company were disseminated to the Stock Exchanges for its updation on their respective websites.
- Pursuant to the Listing Regulations, all data related to quarterly financial results, shareholding pattern, etc are filed in NEAPS within the time frame prescribed in this regard.
- No presentations have been made to institutional investors or to analysts.

## 13. RISK MANAGEMENT:

Risk Management is attempting to identify and then manage threats that could severely impact or bring down the organization. Generally, this involves reviewing operations of the organization, identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

The Company has constituted the Risk Management Committee with various functional heads of the Company and the Company Secretary, as its Members.

**14. GENERAL INFORMATION TO SHAREHOLDERS:**
**a) Annual General Meeting:**

Date of Incorporation	May 19, 1987.
CIN	L85110KA1987PLC008368
Date and time of the 34th Annual General meeting.	24-09-2021 at 11:00 AM
Venue of Annual General Meeting	Through Video Conference (“VC”) / other Audio Visual Means (“OAVM”)
Date of Book Closure	18.09.2021 to 24.09.2021 (both days inclusive)
Financial Year	1st April, 2020-31st March, 2021.

**b) Financial Calendar 2021-22(tentative):**

Financial reporting for the first quarter ended on 30-06-2021	On or before 13th August 2021
Financial reporting for the second quarter ended on 30-09-2021	On or before 12th November 2021
Financial reporting for the third quarter ended 31-12-2021	On or before 12th February 2022.
Financial reporting for the quarter & year ended on 31-03-2022	On or before 28th May 2022.

**c) Particulars of Payment of Dividend for the year ended 31.03.2021:**

Date of Declaration (if approved at the General Meeting)	24.09.2021
Rate of Dividend (proposed)	10%
Book Closure Date	18.09.2021 to 24.09.2021 (Both days inclusive)
Date of payment of dividend (subject to approval at the general meeting)	On or before 12.10.2021
Amount of dividend to be paid	Rs. 1,48,22,372/-
Share Capital	Rs. 14,82,23,720/-

**d) Listing of Shares:**

Name of the Stock Exchange	Stock Code
BSE Ltd (BSE)	524824
National Stock Exchange of India Ltd (NSE)	BALPHARMA
ISIN Number	INE083D01012.

The listing fees for the F.Y ended 2021 have been paid for the above stock exchanges.

**e) Market Price Data:**

Monthly high and low quotations as well as the volume of shares traded at National Stock Exchange of India Limited during F.Y 2020-2021 are as under:

Month	Month's High Price Rs	Month's Low Price Rs	Total volume of shares traded (In Lakhs)
2020-04-01	52.90	29.55	7.66
2020-05-01	41.90	33.40	1.79
2020-06-01	50.00	35.75	10.61
2020-07-01	44.95	39.00	3.73
2020-08-01	52.60	41.65	12.17
2020-09-01	48.95	41.20	7.94
2020-10-01	73.60	42.60	53.10
2020-11-01	60.90	49.50	4.87
2020-12-01	60.60	51.60	4.77
2021-01-01	59.00	50.05	3.05
2021-02-01	65.20	50.00	9.07
2021-03-01	64.30	49.55	16.10

Monthly high and low quotations as well as the volume of shares traded at BSE Limited, during 2020-2021 are as under:

Month	Month's High Price	Month's Low Price	Total volume of shares traded
2020-04-01	54.1	28.6	78112
2020-05-01	40.8	33.5	33331
2020-06-01	51	36.1	185808
2020-07-01	45.1	39	36049
2020-08-01	52.95	41.7	261629
2020-09-01	48.95	41.6	119667
2020-10-01	73	43	863010
2020-11-01	62	49.05	169891
2020-12-01	60.2	52	131326
2021-01-01	59.6	50.7	119976
2021-02-01	64	50.05	186331
2021-03-01	64.95	51.25	219501

**f) Distribution of Shareholding as on 31.03.2021:**

Range Start	Range End	Total Shares	Percentage to capital	Total Number of shareholders	% of Total Security holders
1	500	1571130	10.599	11178	88.37
5001	1000	651885	4.397	800	6.32
1001	2000	540358	3.645	351	2.79
2001	3000	251737	1.698	98	0.79
3001	4000	165877	1.119	47	0.37
4001	5000	194274	1.310	41	0.32
5001	10000	482422	3.254	68	0.53
10001	99,99,99,999	10964689	73.973	65	0.51
		<b>14822372</b>	<b>100</b>	<b>12648</b>	<b>100</b>

**g) Categories of Shareholders as on 31.03.2021:**

SI No.	Category	No of Shareholders	No of shares held	% of shareholding
01	Financial Institutions/Banks	0	0	0
02	Mutual Fund	0	0	0
03	Body Corporates	67	114748	0.77
04	HUF	264	341117	2.30
05	NRI's	117	2034263	13.72
06	Promoters, Directors & Relatives	12	6666482	44.98
07	Indian Public	12187	5568478	37.57
	IEPF	1	97284	0.66
	<b>TOTAL</b>	<b>12648</b>	<b>14822372</b>	<b>100</b>

**h) Detail of shares held in Demat and Physical form as on 31.03.2021:**

Name of the Depository	Number of shares held	% of share held
NSDL	97,82,054	65.99
CDSL	48,91,992	33.00
Physical	1,48,326	1.01
Total*	1,48,22,372	100

\* Total Equity Shares are 1,48,22,372 out of which 6,50,000 Equity shares were allotted on 17th March, 2021 but were listed after 31st March, 2021.

**i) Share Transfer System:**

TSR Darashaw Consultants Private Limited, Mumbai, is the Share Transfer Agent of the Company for both physical and electronic mode of transfer of the Company's shares. Transfer of shares held in the physical mode are approved within a maximum period of 15 days, if found in order. Shares under objection are returned within 7 days. Shares are trade-able in the electronic form only.

Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects.

The Demat requests are processed within 21 days from the date of request. The Shareholder's and Investors Grievances Committee whose terms of reference include approving physical transfer of shares, meets as and when required.

**j) Details of the outstanding amounts in the unpaid Dividend accounts:**

Year	Outstanding amount in Rs.
2013-14	2,32,490
2014-15	3,82,097
2015-16	2,63,534
2016-17	2,43,942
2017-18	2,60,544
2018-19	2,71,965

As per Section 125 of the Companies Act, 2013, dividends which remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Shares pertaining to such unpaid dividends outstanding for 7 consecutive years are also liable for transfer to IEPF a/c.

Shareholders are advised to en-cash their dividend before the due date for transfer of unclaimed dividend amount to IEPF account.

Shareholders holding shares in electronic form are requested to deal only with their Depository Participant in respect of change of address, nomination facility and furnishing bank account number, etc.

**k) Request to Shareholders:**

Shareholders are requested to follow the general safeguards/procedures as detailed here under in order to avoid risks, while dealing in the securities of the Company.

Shareholders are requested to convert their physical holding of share certificates into demat /electronic form through any of the DP's (Depository Participants) to avoid any possibility of the loss, mutilation

etc, of physical share certificates and also to ensure safe and speedy transaction in securities. As per the notification of SEBI, transfer of physical shares lodged for transfer will not be processed by the R&T agents from 1st April 2019 onwards. Hence, the shareholders are advised to convert their shareholding into electronic form in order to avoid any possible hurdles in the transfer process.

Shareholders holding shares in physical form should communicate the change of address, if any, directly to the Registrar and Share Transfer Agent of the Company.

It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of Shares held in physical mode.

Shareholders holding Shares in physical form who have not availed nomination facility and would like to do so are requested to avail the same, by submitting the Nomination Form SH-13. Those holding shares in electronic form are advised to contact their Dp's.

As required by SEBI, it is advised that the shareholder furnish details of their bank account and name address of their bank for incorporating the same in the dividend warrants. This would avoid credits being given to the unauthorized persons.

**l) Reconciliation of Share Capital Audit:**

Quarterly audit was conducted by a Practising Company Secretary, reconciling the issued and listed capital of the Company with the aggregate of the number of shares held by investors in the depositories and the said certificate were submitted to the Stock Exchange within the prescribed time limit. As on 31st March, 2021 there was no difference between the issued capital and the listed capital and the aggregate of shares held by investors in both physical and electronic form with the depositories.

**m) Details of Credit Ratings obtained by the Company along with any revision.**

The discipline with which the Company conducts its financial transactions is reflected in the BB rating given by the credit rating agency ICRA for the financial year 2020-21. The Management of the Company aims at further improving its credit rating during the current financial year.

**The revised rating of ICRA is as follows :**

Sl. No.	Instrument	Credit Rating
1.	Long Term Fund based facilities	(ICRA) BB Re affirmed stable
2.	Short Term Non Fund based facilities	(ICRA) A4
3.	Long Term-Term Loan	(ICRA) BB Re affirmed stable

**n) Other Disclosures**

Details of total fees for all services paid by the Company to the statutory auditors and all entities in the network firm / network entity of which the statutory auditor have been included in notes to the financial statements which forms part of the Annual Report.

Policy for determining material subsidiary is available on the Company's website <http://www.balpharma.com/pdf/finance/irl/Policy%20for%20Determining%20the%20Material%20Subsidiary.pdf>

**o) Locations of manufacturing Units:****1) Unit 1 (Formulations)**

# 21 & 22, Bommasandra Industrial Area  
Bangalore-560099.

**2) Unit 2 (API & Intermediates)**

# 61/B, Bommasandra Industrial Area  
Bangalore-560099.

**3) Unit 3 (Parenterals) (temporarily non-operational)**

# 732/735, Off National Highway No.4  
Village Kenjal-412217,  
DistBhor, Maharashtra.

**4) Unit 4 (Formulations)**

Plot # 1, 2, 3 & 69, Sector 4, IIE-Pantnagar  
Rudrapur, Udham Singh Nagar-263153  
Uttarakhand.

**5) Unit 5 (API's and Intermediates)**

Thabadewadi Post, Kavatha Mahankal  
Sangli-416405  
Maharashtra.

**6) Unit 6 (API and Intermediates)**

(Golden Drugs Private Ltd-WOS of Bal Pharma Ltd)  
#C-155, Mewar Industrial Area  
Madri, Udaipur-313001.  
Rajasthan.

**P) Address for Correspondence:**

Compliance Officer  
Bal Pharma Limited,  
Corporate Office:  
5th Floor, 'Lakshmi Narayan Complex',  
10/1, Palace Road, Bengaluru – 560052.  
Tel: 080 - 41379500 Fax: 080 - 22354057  
Email: -secretarial@balpharma.com.

TSR Darashaw Consultants Private Limited  
6-10, Haji Moosa Patrawala Industrial Estate  
20 Dr.E. Moses Road, Mahalaxmi,  
Mumbai -400011.  
Phone:-91-22-66568484 : Fax :-91-22-66568494  
Email: -csg-unit@tsrdarashaw.com

Shareholders can also contact the branch offices/Agencies of TSR Darashaw whose addresses are given below:

TSR Darashaw Limited, 503, Barton Centre, 84, MG Road, Bengaluru – 560 001, Tel: 080-25580019/25320321, Fax: 080-25580019, Email: tsrdldel@tsrdarashaw.com.

TSR Darashaw Limited Bungalow No: 1 E Road, Northern Town, Bistupur, Jamshedpur – 831001, Tel: 0657-2426616, Fax: 0657-2426937, Email: tsrdljsr@tsrdarashaw.com.

TSR Darashaw Limited, Tata Centre, 1 st floor, 43, Jawaharlal Nehru Road, Kolkata 700071. Tel: 033- 22883087, Fax: 033-22883062, Email: tsrdlcal@tsrdarashaw.com.

TSR Darashaw Limited, Plot No: 2/42, Sant Vihar, Ansari Road, Darya Ganj, Fax: 011-23271802, Email: tsrdldel@tsrdarashaw.com.

Agent: Shah Consultancy Services Pvt. Ltd, 3 Sumatinath Complex, 2nd Dhal Pritam Nagar, Ellisbridge, Ashram Road, Ahmedabad – 380006, Telefax: 079 – 26576038, Email ID shahconsultancy8154@gmail.com.



## Annexure-5

## Particulars of Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below :

- a) The Nomination and Remuneration Committee of the Company fixes the remuneration of whole time Directors and key managerial personnel and is as per the remuneration policy of the Company.

SI. No.	Name and Designation of Director & KMP.	Ratio of remuneration of each Director to the median remuneration of employee of the Company for F.Y 2020-2021.	% Increase / Decrease in remuneration in the F.Y 2020-2021.
1	Mr. Shailesh Siroya Managing Director	40:1	Nil
2	*Dr. Subbarao Prasanna Whole- Time Director	13:1	Nil
3	Mr.Virupakshaya Himesh Whole-Time Director	13:1	14%

**\*Dr. Subbarao Prasanna, had retired as Executive Director of the Company w.e.f 30/10/2020.**

- % increase in the median remuneration of the employees in the financial year: 3.5%.
- Number of permanent employees on the rolls of the Company: 823
- Average percentile increase already made in the salaries of the 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 managerial remuneration: Average increase in the remuneration of the employees for the financial year 2020-21 was 8.5% against 14% increase in the % of managerial remuneration of Directors & KMP's. The percentile increase in the median remuneration and that of managerial personnel does not require any justification.



## DETAILS OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION FOR F.Y 2020-21

Statement of particulars of employees pursuant to the provisions of section 197(12) of the Companies Act, 2013 read with rules 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 for the Year ended 31st March, 2021

Sl. No.	Name of the Employee	Designation of the Employee	Remuneration received (Yearly)	Nature of Employment, whether contractual or otherwise	Experience of the employee	Date of commencement of employment	Age of Employee	Last employment held by such employee before joining the company	Percentage of equity shares held by the employee in the company	whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
1	Shailesh Siroya	Managing Director	1,02,00,000	Permanent	25 Years	01.08.1994	55 Years	NA	13.46%	NA
2	Archana Dubey	V.P - IM & HR	54,73,380	Permanent	17 Years	01.01.2003	47 Years	NA	NA	NA
3	V. Himesh	Whole Time Director	30,86,100	Permanent	8 Years	09.09.2011	60 Years	NA	NA	NA
4	Nabajit Sarma	General Manager	28,58,604	Permanent	15 Years	03.01.2005	42 Years	NA	NA	NA
5	Bhat D L	A.V.P-Sales & Marketing	26,40,312	Permanent	8 Years	26.03.2012	58 Years	NA	NA	NA
6	Ezaz Kaseem Azmi	A.G.M	26,05,956	Permanent	3 Years	21.04.2017	39 Years	NA	NA	NA
7	Aby Abharam	General Manager	22,86,000	Permanent	16 Years	05.05.2004	51 Years	NA	NA	NA
8	Prem Prakash	A.G.M	20,14,128	Permanent	4 Years	14.12.2015	46 Years	NA	NA	NA
9	Natarajan D.	General Manager	19,78,776	Permanent	7 Years	06.08.2012	58 Years	NA	NA	NA
10	Raosahab. Mallappa Shirahatti	National Sales Manager	1,62,268	Permanent	1 Month	16.03.2021	48 Years	NA	NA	NA



**DECLARATION BY MANAGING DIRECTOR ON  
CODE OF CONDUCT AS PER REGULATION 34(3) OF SEBI (LODR)  
REGULATIONS, 2013**

**To,  
The Members  
Bal Pharma Limited  
Bangalore.**

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and senior management for the year ended March 31, 2021.

**Place: Bengaluru  
Date: 29.06.2021**

**Shailesh Siroya  
Managing Director**



## CEO & CFO certification

To  
The Board of Directors  
Bal Pharma Limited  
Bangalore.

**SUB: CEO & CFO Certification.**

**Ref: As per Regulation 17(8) of SEBI (LODR) Regulations.**

- A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2021 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee,
- (1) Significant changes in internal control over financial reporting during the year;
  - (2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

**Chief Executive Officer /MD**

**Chief Financial Officer / Head of Finance**

**Dated: 29.06.2021**



**Certificate on compliance with the conditions of the Corporate Governance as Required under the SEBI (listing obligations and disclosure requirements) regulations, 2015.**

To,  
The Members  
Bal Pharma Limited  
Bangalore

I have examined all the relevant records of Bal Pharma Limited ('the Company') for the purpose of certifying the compliances of the conditions of Corporate Governance by the Company for the year ended 31st March, 2021 as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under the Listing Regulations.

I further 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.

Place: Bangalore  
Date: 29th June, 2021

**Vijayakrishna K T**  
Practising Company Secretary  
FCS - 1788  
COP — 980  
UDIN: F001788C000545562



**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  
Bal Pharma Limited  
21-22, Bommasandra, Industrial Area  
Bangalore  
Karnataka 562158

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Bal Pharma Limited having CIN L85110KA1987PLC008368** and having registered office at 21-22, Bommasandra, Industrial Area Bangalore Karnataka 562158 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2021 has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

<b>Sr. No.</b>	<b>Name of Director</b>	<b>DIN</b>	<b>Date of appointment in Company</b>
1	Mr. Shailesh Dheerajmal Siroya	00048109	01/08/2004
2	Mr. Virupakshaya Himesh	08554422	28/09/2019
3	Mr. Champion Venkateshalu Srinivas	08495304	29/06/2019
4	Mr. Jatish Sheth	00581963	28/12/2020
5	Mr. H S Venkatesh	01776040	23/05/2020
6	Ms Nicola Neeladri	01997936	23/05/2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these based on my verification. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bangalore  
Date: 29th June, 2021

**Vijaykrishna K T**  
Practising Company Secretary  
FCS - 1788  
COP — 980  
UDIN: F001788C000545628



To the Members of Bal Pharma Limited

Report on the Audit of the Standalone Financial Statements
Opinion

We have audited the standalone financial statements of Bal Pharma Limited ("the Company"), which comprise the balance sheet as at 31st March 2021, and the statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards 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 financial statements under the provisions of the Companies Act, 2013 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.

Emphasis of Matter

We further refer to Note 63 with regard to recoverability of outstanding receivables from the subsidiary companies.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters ('KAM') 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.

Table with 2 columns: Key Audit Matters and How our audit addressed the key audit matter. The table details the recognition of revenue from sale of goods and the audit procedures applied to address this matter, including assessments of revenue recognition policies and the impact of COVID-19.



Key Audit Matters	How our audit addressed the key audit matter
<p>The carrying value of recover abilities from subsidiaries as at March 31, 2021 is Rs 946.95 lakhs.</p> <p>The Company performs the annual assessment of recover abilities to identify any indicators of impairment. Based on internal and external factors considered, where such evidence exists, impairment loss is determined and recognised in accordance with note 3.05 of accounting policies to the standalone financial statements</p> <p>We identified the assessment of impairment indicators and resultant impairment losses in respect of above balances as a key audit matter because of:</p> <ul style="list-style-type: none"> <li>• The significance of the amount of these in the Standalone Balance Sheet; and</li> <li>• The degree of management judgement involved in determining whether there was objective evidence of impairment of investments</li> </ul>	<ul style="list-style-type: none"> <li>• Testing design, implementation and operating effectiveness of key controls over the impairment assessment process and forecasts used by the Company.</li> <li>• Assessing the managements plans for the recoveries of the amount and assessing the feasibility of the same.</li> <li>• Challenging the Company's key assumptions</li> <li>• Evaluating the adequacy disclosure made in the standalone financial statements.</li> </ul>

**Information Other than the 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 the information included in the Company’s annual report, but does not include the standalone financial statements and our auditors’ report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management for the Standalone Financial Statements**

The Company’s Management and Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and

detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor’s Responsibilities for the Audit of the Standalone Financial Statements**

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



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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

### Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, The Statement of Changes in Equity, the Statement of Profit and Loss (including other comprehensive income), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 41 to the standalone financial statements;





- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv) The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

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

According to the information & explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the provisions of section 197 of the Act.

for **NSVM and Associates**  
Chartered Accountants  
Firm's registration number: 010072S

**G.C.S Mani**  
Partner  
Membership number: 036508

Place: Bengaluru  
Date: 29th June, 2021  
UDIN: 21036508AAAADD9202



**Annexure A to the Independent Auditor's Report of even date to the members of Bal Pharma Limited, on the standalone financial statements for the year ended 31 March 2021**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that,

i) a. The Company has maintained proper records showing full, including quantitative details and situation of property, plant and equipment.

b. The Company has a regular programme of physical verification of its property, plant and equipment by which they are verified in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.

c. The title deeds of immovable properties (which are included under the head 'Property, Plant and Equipment') are held in the name of the Company. In respect of immovable properties of Land that have been taken on lease and disclosed in financial statements, the lease agreements are in the name of the Company where the Company is lessee in the agreement.

ii) As explained to us, the inventories have been physically verified by the Management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.

iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act, and with respect to the same:

a. in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest;

b. the schedule of repayment of principal and payment of interest has not been stipulated and we are unable to comment on the regularity of repayment/ receipts of the principal amount and the interest;

c. as schedule of repayment of principal and payment of interest is not stipulated, we are unable to comment on whether there is any overdue amount in respect of loans granted to such companies.

iv) In respect of loans, investments and guarantees, the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.

v) The Company has not accepted any deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under and the directions issued by the RBI are applicable. Hence paragraph 3(v) of CARO is not applicable to the Company.

vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, as amended, specified by the Central Government under Section 148(1) of the Companies Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii)(a) undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax, sales tax, customs duty, excise duty and cess were in arrears other than that stated below, as at 31 March 2021 for a period of more than six months from the date they became payable.

**Statement of Arrears of Statutory Dues Outstanding for More than Six Months**

Nature of Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of payment	Remarks, if any
Income Tax	Dividend Distribution Tax	29.13 Lakhs	Dividend Declared in AGM held in September 2019	7th October 2019	NA	The company is taking steps to pay the Dividend Distribution Tax

(b) On the basis of our examination of the documents and records of the Company, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of an any dispute, except as enumerated herein below which are pending before respective authorities as mentioned there against:

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	99.10 lakhs	FY 2016-17 (AY 2017-18)	Commissioner of Income Tax (Appeals)
Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	60.55 lakhs	FY 2018-19 (AY 2019-20)	Commissioner of Income Tax (Appeals)

The Company has received show cause notices under the Central Excise laws and Service Tax laws in for the years 2007-08 onwards which in various stages of assessment as at 31 March 2021. The assessments are in progress and the Company has not received the assessment order in respect of the same. In certain cases, the Company has preferred an appeal which has been remanded back to the original authority for reassessment.

viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its any banks and financial institutions other than those stipulated below.

Particulars	Amount of Default (INR)	Period of Default	Remarks
Vehicle Loan from Canara Bank	Rs 1,05,713	Repayable between March 2020 till September 2020	Moratorium period
Term Loan from HDFC Bank	Rs 10,57,403	4 days	Due to technical issues with the Bank
Vehicle Loan from HDFC Bank	Rs 16,410	24 days	Due to technical issues with the Bank
Term Loan from South Indian Bank	Rs 19,03,187	Repayable between March 2020 till September 2020	Moratorium period

As stated in note 22 (vii) to the financial statements, the Company has applied for moratorium towards interest and principal repayments towards borrowings from certain banks and financial institutions for month of March 2021.

- ix) According to the information and explanations given to us, the term loans obtained by the Company have been utilised for the purpose for which it was raised. Further, the Company has not raised any money by way of public issue or further public offer (including debt instruments) during the year.
- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information & explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the provisions of section 197 of the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.



- xiii)** All transactions with the related parties are in compliance with Section 188 and 177 (where applicable) of Companies Act, 2013 and the details thereof have been disclosed in the standalone financial statements as required by the Accounting standards and Companies Act, 2013.
- xiv)** According to the information and explanations give 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.
- 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. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi)** The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **NSVM and Associates**  
Chartered Accountants  
Firm's registration number: 010072S

**G.C.S Mani**  
Partner  
Membership number: 036508

Place: Bengaluru  
Date: 29th June, 2021  
UDIN: 21036508AAAADD9202





## **Annexure B to the Independent Auditors' Report**

on the standalone financial statements of Bal Pharma Limited for the period ended 31 March 2021

### **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 ('the Act')**

(Referred to clause (f) of paragraph 2 under 'Report on other Legal and Regulatory requirements' Section of our report to the members of Bal Pharma Limited of even date)

#### **Opinion**

We have audited the internal financial controls with reference to financial statements of Bal Pharma Limited ("the Company") as of 31 March 2021 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 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### **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 control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

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

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that:

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

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

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

for **NSVM and Associates**

Chartered Accountants

Firm's registration number: 010072S

**G.C.S Mani**

Partner

Membership number: 036508

Place: Bengaluru

Date: 29th June, 2021

UDIN: 21036508AAAADD9202



**BAL PHARMA LIMITED**  
**CIN: L85110KA1987PLC008368**  
**Standalone Balance Sheet**  
(all amounts in Rs. lakhs unless otherwise stated)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	4	4,542.41	4,974.45
Capital work-in-progress	5	-	10.58
Other Intangible Assets	6	722.74	639.08
Intangible assets under development			
<b>Financial assets</b>			
- Investments	7	839.60	741.69
- Loans	8	32.82	24.50
- Other financial assets	9	248.89	156.10
Non Current tax assets (Net)	10	14.75	-
Other non-current assets	11	432.78	513.78
		<b>6,833.99</b>	<b>7,060.18</b>
<b>Current assets</b>			
Inventories	12	6,012.03	6,754.87
<b>Financial assets</b>			
- Trade receivable	13	6,944.09	5,165.91
- Loans	14	2,069.51	1,743.71
- Cash and cash equivalents	15	89.09	67.64
- Other bank balances	16	282.70	227.31
- Other financial assets	17	180.33	182.00
Current tax assets (Net)	18	0.35	9.78
Other current assets	19	3,741.87	2,719.92
		<b>19,319.97</b>	<b>16,871.14</b>
		<b>26,153.96</b>	<b>23,931.32</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	20	1,482.24	1,417.24
Other equity	21	6,449.52	5,177.23
		<b>7,931.76</b>	<b>6,594.47</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	22	2,393.21	2,314.66
- Other financial liabilities	23	304.40	267.43
Provisions	24	396.83	354.64
Deferred tax liabilities (Net)	25	440.49	404.80
		<b>3,534.93</b>	<b>3,341.53</b>



**BAL PHARMA LIMITED**  
**CIN: L85110KA1987PLC008368**  
**Standalone Balance Sheet**

(all amounts in Rs. lakhs unless otherwise stated)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	26	7,505.05	7,060.63
- Trade payables			
Due to Micro, Small and Medium Enterprises			
Due to Other than Micro, small and Medium Enterprises	27	4,855.50	3,945.17
- Other financial liabilities	28	1,327.52	1,431.31
Other current liabilities	29	902.28	1,508.93
Provisions	30	64.66	49.28
Current tax liabilities (Net)	31	32.26	-
		<b>14,687.27</b>	<b>13,995.32</b>
		<b>26,153.96</b>	<b>23,931.32</b>

Significant accounting policies

3

The notes referred to above form an integral part of these financial statements

As per our report of even date attached  
for **NSVM and Associates**  
Chartered Accountants  
Firm's registration number: 010072S

for and on behalf of the board of directors of  
**Bal Pharma Limited**

**G.C.S Mani**

Partner  
Membership number: 036508

Place: Bengaluru  
Date: 29th June, 2021

**Shailesh Siroya**

Managing Director  
DIN: 00048109

Place: Bengaluru  
Date: 29th June, 2021

**V Himesh**

Whole Time Director  
DIN:08554422

Place: Bengaluru  
Date: 29th June, 2021

**G Rengarajan**

Chief Financial Officer

Place : Bengaluru  
Date: 29th June, 2021

**Preeti Singh**

Company Secretary

MNo:A51854  
Place : Bengaluru  
Date: 29th June, 2021



**BAL PHARMA LIMITED**  
**CIN: L85110KA1987PLC008368**  
**Standalone Statement of Profit and Loss**  
(all amounts in Rs. lakhs unless otherwise stated)

Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Income</b>			
Revenue from operations	32	24,930.88	17,067.28
Other income	33	269.20	362.85
<b>Total Income</b>		<b>25,200.08</b>	<b>17,430.13</b>
<b>Expenses</b>			
Cost of materials consumed	34	13,546.86	7,268.56
Purchase of traded goods	35	997.83	870.39
(Increase)/decrease in inventories of finished goods and work-in-progress	36	513.31	332.06
Employee Benefit expense	37	3,961.83	4,878.22
Finance costs	38	1,195.82	1,255.03
Depreciation and amortisation	39	725.66	702.65
Other expenses	40	3,279.16	3,030.85
<b>Total expenses</b>		<b>24,220.47</b>	<b>18,337.76</b>
Profit before exceptional items and tax		<b>979.61</b>	<b>(907.63)</b>
<b>Profit before tax</b>		<b>979.61</b>	<b>(907.63)</b>
Less: Tax expense:			
Current tax	53	37.87	-
Tax adjustments relating to previous year	53	-	(14.86)
Deferred tax charge/ (credit)	53	32.06	(2.56)
Tax expenses		69.93	(17.42)
<b>Profit / (Loss) for the year</b>		<b>909.69</b>	<b>(890.21)</b>
<b>Other Comprehensive Income (OCI)</b>			
A (i) Items that will not be reclassified to statement of profit or loss			
Remeasurements of post-employment benefit obligations		12.48	(41.11)
(ii) Income tax relating to items that will not be reclassified to statement profit or loss		(3.63)	10.69
<b>Total other comprehensive income</b>		<b>8.85</b>	<b>(30.42)</b>
<b>Total Comprehensive Income for the year</b>		<b>918.53</b>	<b>(920.63)</b>
Earning per share (face value per equity share Rs. 10)			
- Basic	46	6.41	(6.28)
- Diluted		6.41	(6.28)





**BAL PHARMA LIMITED**  
**CIN: L85110KA1987PLC008368**  
**Standalone Statement of Profit and Loss**  
(all amounts in Rs. lakhs unless otherwise stated)

Significant accounting policies 3  
The notes referred to above form an integral part of these financial statements

As per our report of even date attached  
for **NSVM and Associates**  
Chartered Accountants  
Firm's registration number: 010072S

for and on behalf of the board of directors of  
**Bal Pharma Limited**

**G.C.S Mani**  
Partner  
Membership number: 036508

Place: Bengaluru  
Date: 29th June, 2021

**Shailesh Siroya**  
Managing Director  
DIN: 00048109

Place: Bengaluru  
Date: 29th June, 2021

**V Himesh**  
Whole Time Director  
DIN:08554422

Place: Bengaluru  
Date: 29th June, 2021

**G Rengarajan**  
Chief Financial Officer

Place : Bengaluru  
Date: 29th June, 2021

**Preeti Singh**  
Company Secretary  
MNo:A51854  
Place : Bengaluru  
Date: 29th June, 2021

**BAL PHARMA LIMITED****CIN: L85110KA1987PLC008368****Standalone Cash Flow Statements for the Year**

(all amounts in Rs. lakhs unless otherwise stated)

<b>Cash flow from operating activities:</b>	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
<b>Profit / (Loss) before tax</b>	979.61	-907.62
<b>Adjustment for :</b>		
- Interest income	(171.24)	(209.63)
- (Gain)/Loss on sale of Property, Plant and Equipment	(4.06)	(5.25)
- Balances written off as no more payable	(57.81)	(45.47)
- Unrealised Foreign (Gain)/Loss	46.61	3.83
- Finance cost (including effect of amortisation of processing fees)	1,195.82	1,241.57
- Interest on Income Tax	-	4.79
- Rental Expense(IND AS 116)	(90.15)	(80.53)
- Balances written off as no more receivable	77.72	31.95
- Depreciation and amortisation	725.66	702.65
- Expected Credit Losses	21.17	22.38
- Impairment on Investments	-	2.50
<b>Operating cash flow before working capital changes</b>	<b>2,723.32</b>	<b>761.18</b>
Changes in		
- Decrease/(Increase) in Inventories	742.84	196.72
- Decrease/(Increase) in Trade receivables	(1,868.71)	1,239.32
- Decrease/(Increase) in Loans	(8.32)	36.87
- Decrease/(Increase) in Financial Assets (Current and Non current)	(14.58)	(14.12)
- Decrease/(Increase) in Other Assets (Current and Non current)	(1,018.89)	310.33
- Increase/ (Decrease) in Trade payables	958.68	(812.74)
- Increase/ (Decrease) in Other Financial liabilities (Current and Non current)	57.04	525.13
- Increase/ (Decrease) in Other liabilities (Current and Non current)	(606.64)	(142.01)
- Increase/ (Decrease) in Provisions	70.04	87.99
<b>Cash (used in)/ generated from operations</b>	<b>1,034.78</b>	<b>2,188.66</b>
Income taxes (paid)/ refund	(10.93)	(17.21)
<b>Net cash generated (used in) operating activities</b>	<b>1,023.85</b>	<b>2,171.45</b>
<b>Cash flow from investing activities:</b>		
Purchase of Property,Plant & Equipment including intangible assets and capital work-in-progress	(285.23)	(359.92)
Intercorporate Deposit to Subsidiary	(189.33)	-
Interest Income from subsidiary	-	-
Investment in Subsidiaries	(97.91)	-
Proceeds from sale of fixed assets	4.06	0.53
Decrease/ (increase) in fixed deposits	(124.54)	9.76
Interest received	27.40	33.96
<b>Net cash generated/ (used in) investing activities</b>	<b>(665.56)</b>	<b>(315.68)</b>

**BAL PHARMA LIMITED**  
**CIN: L85110KA1987PLC008368**  
**Standalone Cash Flow Statements for the Year**  
(all amounts in Rs. lakhs unless otherwise stated)

Cash flow from operating activities:	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Cash flow from financing activities:</b>		
(Repayment) of long term borrowings	(366.37)	(879.67)
Proceeds from long term borrowings	400.00	-
Proceeds from / (repayment) of short term borrowings	399.27	254.79
Dividend Paid including unpaid dividends of preceding years	-	(141.72)
Payment of Dividend Distribution Tax	(29.13)	-
Money received on issue of Equity shares	325.00	-
Money received against Share Warrants	93.75	-
Interest Paid (Gross)	(1,159.00)	(1,227.04)
<b>Net cash arising/ (used in) from financing activities</b>	<b>(336.48)</b>	<b>(1,993.64)</b>
Net (decrease)/ increase in cash and cash equivalents	21.81	(137.87)
Cash and cash equivalents at the beginning of the year	67.64	219.74
Effect of exchange differences on cash and cash equivalents	(0.36)	(14.23)
<b>Cash and cash equivalents at the end of the year</b>	<b>89.09</b>	<b>67.64</b>
Cash and cash equivalents comprise of:		
Cash on hand	17.34	17.05
Balances with banks		
- in current accounts	69.73	24.37
- in deposits with original maturity of less than 3 months	2.02	26.22
	<b>89.09</b>	<b>67.64</b>

Significant accounting policies  
The notes referred to above form an integral part of these financial statements

3

As per our report of even date attached  
for **NSVM and Associates**  
Chartered Accountants  
Firm's registration number: 010072S

for and on behalf of the board of directors of  
**Bal Pharma Limited**

**G.C.S Mani**  
Partner  
Membership number: 036508  
Place: Bengaluru  
Date: 29th June, 2021

**Shailesh Siroya**  
Managing Director  
DIN: 00048109  
Place: Bengaluru  
Date: 29th June, 2021

**V Himesh**  
Whole Time Director  
DIN:08554422  
Place: Bengaluru  
Date: 29th June, 2021

**G Rengarajan**  
Chief Financial Officer  
Place : Bengaluru  
Date: 29th June, 2021

**Preeti Singh**  
Company Secretary  
MNo:A51854  
Place : Bengaluru  
Date: 29th June, 2021

## Standalone Statement of changes in equity

(all amounts in Rs. lakhs unless otherwise stated)

## A. Equity share Capital

Particulars	
Equity shares of Rs 10 each issued, subscribed and fully paid	
Balance as at 1 April 2019	141.72
Add: Issue of shares	-
Balance as at 31 March 2020	141.72
Balance as at 1 April 2020	141.72
Add: Issue of shares	6.50
Balance as at 31 March 2021	148.22

## B. Other Equity

	Reserves & Surplus				OCI		Total Other Equity
	Securities premium	General Reserve	Capital Reserve	Money received against share warrants	Retained earnings	Remeasurements of the net defined benefit plans	
<b>Balance as at 1 April 2019</b>	2,407.66	245.15	44.06	-	3,678.55	(106.71)	6,268.71
Profit/(Loss) for the year	-	-	-	-	(890.21)	-	(890.21)
Appropriations for dividend and tax on same	-	-	-	-	(170.85)	-	(170.85)
Other Comprehensive income	-	-	-	-	-	(30.42)	(30.42)
<b>Balance as at 31 March 2020</b>	2,407.66	245.15	44.06	-	2,617.49	(137.13)	5,177.23
<b>Balance as at 1 April 2020</b>	2,407.66	245.15	44.06	-	2,617.49	(137.13)	5,177.23
Profit/(Loss) for the year	-	-	-	-	909.69	-	909.69
Premium on issue of equity shares	260.00	-	-	-	-	-	260.00
Appropriations for dividend and tax on same	-	-	-	-	-	-	-
Other Comprehensive income	-	-	-	-	-	8.85	8.85
Money received against Share warrants	-	-	-	93.75	-	-	93.75
<b>Balance as at 31 March 2021</b>	2,667.66	245.15	44.06	93.75	3,527.18	(128.28)	6,449.52

The notes referred to above form an integral part of these standalone financial statements,

As per our report of even date attached.

for **NSVM and Associates**

Chartered Accountants

Firm's registration number: 010072S

**G.C.S Mani**

Partner

Membership number: 036508

Place: Bengaluru

Date: 29th June, 2021

**Shailesh Siroya**

Managing Director

DIN: 00048109

Place: Bengaluru

Date: 29th June, 2021

**G Rengarajan**

Chief Financial Officer

Place : Bengaluru

Date: 29th June, 2021

**V Himesh**

Whole Time Director

DIN:08554422

Place: Bengaluru

Date: 29th June, 2021

**Preeti Singh**

Company Secretary

MNo: A51854

Place : Bengaluru

Date: 29th June, 2021





**BAL PHARMA LIMITED**

**CIN: L85110KA1987PLC008368**

**Notes to standalone financial statements**

**I Company Overview**

Bal Pharma Limited (the company) is a Public Limited Company domiciled in India and incorporated under provisions of the Companies Act, 1956. Its shares are listed on two recognized stock exchanges in India.

The company is engaged in the manufacturing and selling of pharmaceutical products. The company caters to both domestic and international markets.

**2 Basis for preparation of Financial Statements**

**2.01 Statement of compliance**

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 ('Ind AS'), read with relevant rules issued thereunder and other accounting principles generally accepted in India, and other relevant provisions of the Act. The financial statements were authorised for issue by the Company's Board of Directors on 29th June, 2021

**2.02 Functional and presentation currency**

These financial statements are presented in Indian Rupees, which is the Company's functional currency and the currency of the primary economic environment in which the Company operates. All financial information presented in Indian Rupees has been rounded off to nearest million, unless otherwise indicated.

**2.03 Basis of measurement**

The standalone financial statements have been prepared on a historical cost basis and on an accrual basis except for the following:

- certain financial assets and financial liabilities that are measured at fair value (refer accounting policies regarding financial instrument).
- employee defined benefit assets / liability recognised as the net total of the fair value of plan assets, and actuarial losses/gains, and the present value of defined benefit obligation

**2.04 Use of estimates and judgments**

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

These estimates are reviewed on an ongoing basis. Subsequent revisions to accounting estimates are recognised prospectively.

**Judgments**

Information about judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3.01 : whether the Company acts as an agent rather than as a principal in a transaction.
- Note 41 - contingent liabilities : measurement and likelihood of occurrence of provisions and contingencies
- Note 50 - leases : whether an arrangement contains a lease; lease classification

**Assumptions and estimations**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2021 or subsequent year/ years is included in the following notes:

- Note 3.02: Useful lives of various of Property, Plant and Equipment
- Note 62: Fair Value of Financial Instruments
- Note 61: Accounting for Defined Benefit Plan - measurement of defined benefit obligation - key actuarial assumptions.
- Note 3.05: Expected Credit Losses associated with its assets carried at amortized cost
- Note 66 : Estimation of uncertainties relating to the global health pandemic from COVID-19

**2.05 Current vs Non-Current Classification**

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle
  - Held primarily for the purpose of trading
  - Expected to be realised within twelve months after the reporting period, or
  - Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

**A liability is current when:**

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or



- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

## 2.06 Measurement of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The management regularly reviews significant unobservable inputs and valuation adjustments.

### Measurement of fair values

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

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

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

- Financial Instruments - Refer Note 62

## 3 Significant Accounting Policies

### 3.01 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue.

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

### Sale of Goods:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, since it is the primary obligor in all of its revenue arrangement, as it has pricing latitude and is exposed to inventory and credit risks. Revenue is stated net of goods and service tax and net of returns, chargebacks, rebates and other similar allowances. These are calculated on the basis of historical experience and the specific terms in the individual contracts. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The Company estimates variable consideration at contract inception until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Other Operating revenue is recognised on accrual basis.

### Export Incentives:

Export entitlements under the Duty Drawback ('DBK'), Focus Marketing incentive scheme (FMS), Focus product scheme (FPS), Market Linked Product Scheme (MLPS), Incremental Exports incentive scheme, Merchandise Export India Scheme and Service tax rebate scheme (STR) are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. As the Company derives a substantial portion of its revenue from export of goods, such incentives is recognised as "Other Operating Income"

### Rendering of Services:

Revenue from services rendered is recognised in the profit or loss as the underlying services are performed and is recognised net of service tax and goods and service tax (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:**

Interest income from a financial asset is recognized 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 principle 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.

**Dividend Income**

Dividend income from investments is recognized when the 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.

**3.02 Property, Plant & Equipment, Intangible Assets and Work-in-Progress**

**Recognition and Measurement**

All items of property, plant and equipment, including freehold land, are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria is met. Freehold land has an unlimited useful life and therefore is not depreciated.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in note below.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

**Subsequent Measurement**

Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

**Disposal/Write-off**

An item of property, plant and equipment is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

**Capital Work-in-Progress**

Capital work-in-progress includes cost of property, plant and equipment that are not ready for their intended use. Capital work-in-progress included property, plant and equipment are not depreciated as these assets are not yet available for use.

**Transition to Ind AS**

For transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as of April 01, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**Depreciation**

Depreciable amount for assets in the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on the property, plant and equipment is provided on straight line method, over the useful life of the assets, as specified in schedule II to the companies Act, 2013 and is recognised in in the statement of profit and loss.

Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis. Building constructed on leasehold land is depreciated based on the useful life specified in schedule II to the companies Act, 2013 where the lease period of the land is beyond the life of the building. In other cases, building constructed on leasehold lands are amortised over the primary lease period of the lands.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.



**3.03 Intangible Asset**

**Recognition and Measurement**

The items of intangible assets, with finite life, are measured at cost less accumulated amortisation and impairment losses, if any. Cost of an item of intangible assets comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any cost directly attributable to bringing the asset to its working condition for its intended use.

**Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

**Research and Development**

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised as an expense when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. An internally-generated intangible asset arising from development is recognised if following have been demonstrated by the Company.

- development costs can be measured reliably;
- the product or process is technically and commercially feasible
- future economic benefits are probable;and
- the Company intends to and has sufficient resources to complete development and to use or sell the asset.

As such, expenditure on projects which have become unsuccessful are charged off as an expense in the year in which they are abandoned. Capital expenditure incurred on research and development is capitalized as Property, Plant and Equipment and depreciated in accordance with the depreciation policy of the company.

**Disposal/Write-off**

An intangible asset is derecognized 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 recognized in profit or loss when the asset is derecognized.

**Transition to IndAS**

On transition to Ind AS, the Company has elected to continue with the carrying values as at 1 April 2016 under previous GAAP of all its intangible assets recognised as at 1 April 2016, measured as per previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

**Amortisation**

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss. The estimated useful life of intangibles are as follows:

Asset	Management estimate of useful life (years)
Computer software	5
Research and Development	10

The estimated useful life and amortization 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.

**3.04 Inventories:**

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

**Raw materials and accessories:**

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

**Finished goods and work in progress:**

Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.

**Trading Goods:**

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**3.05 Impairment**

**i. Impairment of financial instruments**

"The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

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





Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is 180 days or more past due.

#### **A. Measurement of expected credit losses**

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

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

#### **B. Presentation of allowance for expected credit losses in the balance sheet**

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

#### **C. Write-off**

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

#### **ii. Impairment of non-financial assets**

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

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

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

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount



rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

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

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

### 3.06 Financial Instruments

#### i. Recognition and initial measurement

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

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

#### ii. Classification and subsequent measurement

##### A. Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost
- Fair value through other comprehensive income (FVOCI) - debt investment;
- Fair value through other comprehensive income (FVOCI) - equity investment; or
- Fair value through profit & loss- (FVTPL)

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and Interest on the principal amount outstanding.
- On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.
- All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### B. Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
  - how the performance of the portfolio is evaluated and reported to the Company's management;
  - the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
  - how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
  - the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered



sales for this purpose, consistent with the Company's continuing recognition of the assets.

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

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

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

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

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

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

**D. Financial assets: Subsequent measurement and gains and losses**

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

**D.1 Financial assets: Subsequent measurement and gains and losses**

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

**E. Financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at



amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### iii. Derecognition

#### A. Financial assets

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

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

#### B. Financial liabilities

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

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

#### iv. Offsetting

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

### 3.07 Foreign Currency Transactions:

#### Initial recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

*Measurement of foreign currency monetary items at the Balance Sheet date:*

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

*"Treatment of exchange differences:*

Exchange differences arising on settlement / restatement of

short-term foreign currency monetary assets and liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss.

### 3.08 Employee Benefits

#### a) Short Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. Benefits such as salaries, short term compensated absences etc., and the expected cost of bonus is recognized in the period in which the employee renders the related services. A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for the related service

#### b) Post-Employment Benefits

The Company participates in various employee benefit plans. Pensions and other post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks are borne by the employee. The expenditure for defined contribution plans is recognised as an expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks are borne by the Company. The present value of the defined benefit obligations is calculated by an independent actuary using the projected unit credit method.

#### Defined contribution plans

Employees receive benefits from a provident fund and employee state insurance funds. The employer and employees each make periodic contributions to the plan as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses in the Statement of Profit and Loss as they fall due based on the amount of contribution required to be made.

#### Defined Benefit plans

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. Company's liability towards Gratuity are actuarially determined at each



balance sheet date using the projected unit credit method. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period of occurrence.

#### **Other Long Term Benefit plan**

Actuarial Valuation for compensated absences is done as at the year end and the provision is made as per Company policy with corresponding (gain)/charge to the statement of profit and loss and it covers all regular employees. Obligation in respect of earned leave policy are actuarially determined as at the year end using the 'Projected Unit Credit' method.

#### **3.09. Borrowing Cost**

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use or sale.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

#### **3.10. Leases**

The company assesses whether a contract contains a lease, at inception of a contract. 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 of consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether

- a. the Contract involves the use of an identified asset
- b. the Company has substantially all of the economic benefits from use of the asset through the period of lease
- c. the Company has the right to direct the use of asset

The Company determines the lease term as the noncancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a

portfolio of leases with similar characteristics

#### **Leases as Lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. When ever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. 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 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

#### **Leases as Lessee**

As at the date of commencement of the lease, the Company recognises a right of use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for the leases with a term of twelve month or less (short term leases) and low value leases. For these short term leases, the Company recognises the lease payments as an operating expense on a straight line basis over the period of lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised. ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease and related prepaid amount plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses

ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and



the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the market. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

The Right-of-Use asset has been disclosed within the same line item as that within which the corresponding underlying asset would be presented. Where the Right-of-Use asset meets the definition of Investment Property such items have been presented in Balance sheet as Investment Property. Lease liability have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows

### **3.11. Earnings per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### **3.12. Income Tax**

#### **a. Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the 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.

#### **b. Minimum Alternate Tax ('MAT')**

Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

#### **c. Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and 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 utilized. Such deferred tax assets and liabilities are not recognised if the temporary differences arise 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company 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 interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences 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 is realized, 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### **3.13. Provisions and Contingencies**

#### **a. Provisions**

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

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

#### **b. Contingent Liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

#### **3.14. Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### **3.15. Statement of cash flows**

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

#### **3.16. Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

#### **3.17. GST input credit**

GST input credit is accounted in the books in the period in which the underlying service as well as invoice is received and when there is no uncertainty in availing / utilizing the credits

**4. Property, Plant and Equipment**

Particulars	Building (Right-Of-Use assets)	Freehold land	Leasehold land	Building	Plant and machinery	Furniture and fixtures	Office equipment	Motor vehicles	Total
<b>Gross Block (Deemed Cost)</b>									
Balance as at 01 April 2019	-	517.91	123.12	1,979.53	3,464.95	95.92	150.23	186.14	6,517.80
Additions	262.23	-	-	9.94	112.96	2.23	19.77	10.45	417.58
Disposals	-	-	-	-	(5.25)	-	-	-	(5.25)
<b>Balance as at 31 March 2020</b>	<b>262.23</b>	<b>517.91</b>	<b>123.12</b>	<b>1,989.47</b>	<b>3,572.66</b>	<b>98.15</b>	<b>170.00</b>	<b>196.59</b>	<b>6,930.13</b>
<b>Balance as at 01 April 2020</b>	<b>262.23</b>	<b>517.91</b>	<b>123.12</b>	<b>1,989.47</b>	<b>3,572.66</b>	<b>98.15</b>	<b>170.00</b>	<b>196.59</b>	<b>6,930.14</b>
Additions	75.58	-	-	10.01	70.55	2.11	8.78	9.42	176.45
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>337.81</b>	<b>517.91</b>	<b>123.12</b>	<b>1,999.48</b>	<b>3,643.22</b>	<b>100.26</b>	<b>178.78</b>	<b>206.01</b>	<b>7,106.59</b>
<b>Accumulated Depreciation</b>									
Balance as at 01 April 2019	-	-	5.87	272.98	926.93	37.02	59.74	88.27	1,390.81
Additions	74.43	-	5.57	92.30	320.32	16.10	26.13	35.27	570.12
Disposals	-	-	-	-	(5.25)	-	-	-	(5.25)
<b>Balance as at 31 March 2020</b>	<b>74.43</b>	<b>-</b>	<b>11.44</b>	<b>365.28</b>	<b>1,242.00</b>	<b>53.12</b>	<b>85.87</b>	<b>123.54</b>	<b>1,955.68</b>
<b>Balance as at 01 April 2020</b>	<b>74.43</b>	<b>-</b>	<b>11.44</b>	<b>365.28</b>	<b>1,242.00</b>	<b>53.12</b>	<b>85.87</b>	<b>123.54</b>	<b>1,955.68</b>
Additions	83.00	-	1.37	84.82	352.32	7.79	74.02	5.18	608.50
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>157.43</b>	<b>-</b>	<b>12.81</b>	<b>450.10</b>	<b>1,594.32</b>	<b>60.91</b>	<b>159.89</b>	<b>128.72</b>	<b>2,564.18</b>
<b>Carry Amount (Net)</b>									
Balance as at 31 March 2020	187.80	517.91	111.68	1,624.19	2,330.66	45.03	84.13	73.05	4,974.45
<b>Balance as at 31 March 2021</b>	<b>180.38</b>	<b>517.91</b>	<b>110.31</b>	<b>1,549.38</b>	<b>2,048.90</b>	<b>39.35</b>	<b>18.89</b>	<b>77.29</b>	<b>4,542.41</b>

1. The assets are owned by the Company except as stated otherwise



**BAL PHARMA LIMITED**
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**Notes to the standalone financial statements (continued)**

(all amounts in Rs. lakhs unless otherwise stated)

**5. Capital work-in-progress**

Particulars	As at 31 March 2021	As at 31 March 2020
Capital work-in-progress	-	10.58
	-	<b>10.58</b>

**6. Intangible Assets**

Particulars	Computer software	Development Expenses	Total Inangible assets
<b>Gross Block (Deemed Cost)</b>			
<b>Balance as at 01 April 2019</b>	15.18	1,086.31	1,101.49
Additions	0.56	203.98	204.54
Disposals	-	-	-
<b>Balance as at 31 March 2020</b>	<b>15.74</b>	<b>1,290.29</b>	<b>1,306.03</b>
<b>Balance as at 01 April 2020</b>	15.74	1,290.29	1,306.03
Additions	0.68	200.14	200.82
Disposals	-	-	-
<b>Balance as at 31 March 2021</b>	<b>16.42</b>	<b>1,490.43</b>	<b>1,506.85</b>
<b>Accumulated Depreciation</b>			
<b>Balance as at 01 April 2019</b>	7.04	527.38	534.42
Additions	3.40	129.13	132.53
Disposals	-	-	-
<b>Balance as at 31 March 2020</b>	<b>10.44</b>	<b>656.51</b>	<b>666.95</b>
<b>Balance as at 01 April 2020</b>	10.44	656.51	666.95
Additions	2.15	115.01	117.16
Disposals	-	-	-
<b>Balance as at 31 March 2021</b>	<b>12.59</b>	<b>771.52</b>	<b>784.11</b>
<b>Carry Amount (Net)</b>			
Balance as at 31 March 2020	5.30	633.78	639.08
<b>Balance as at 31 March 2021</b>	<b>3.83</b>	<b>718.91</b>	<b>722.74</b>

**BAL PHARMA LIMITED****CIN: L85110KA1987PLC008368****Notes to the standalone financial statements (continued)**

(all amounts in Rs. lakhs unless otherwise stated)

**Non-current financial assets****7. Investments**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Investment in equity instruments - Quoted</b>		
Equity Shares at FVTPL		
31 Mar 2021 : 10,000 (31 Mar 2020: 10,000)		
Equity shares of Rs 10 each fully paid in Lamina Foundries Limited	-	-
31 Mar 2021 : 73,600 (31 Mar 2020 : 73,600)		
Equity shares of Rs 10 each fully paid in Sri Jayalakshmi Autospin Limited	-	-
<b>Investment in equity instruments - Unquoted</b>		
Equity Shares at FVTPL		
31 Mar 2021: 4,000 ( 31 Mar 2020: 4,000 )		
Equity shares of Rs 25 each fully paid in The saraswat co- operative Bank Limited	-	-
31 Mar 2021: 5,000 (31 Mar 2020: 5,000)		
Equity shares of Rs 10 each fully paid in The Shamrao vithal Co-operative Bank Ltd.	-	-
<b>Investments in Subsidiary Companies</b>		
31 Mar 2021: Rs. 1,98,91,468 (31 Mar 2020: 10,10,000)		
Equity shares of Rs 10 each fully paid in Lifezen Healthcare Private Limited	198.91	101.00
31 Mar 2021: 80,000 (31 Mar 2020 : 80,000)		
Equity shares of Rs 10 each fully paid in Bal Research Foundation	8.00	8.00
31 Mar 2021: 80% (31 Mar 2020 : 80%)		
Percentage of share in Balanace Clinic LLP	8.00	8.00
31 Mar 2021: 6,47,000 (31 Mar 2020: 6,47,000)		
Equity shares of Rs 10 each fully paid in Golden Drugs Private Limited	741.69	741.69
Less: Impairment in value of Investments	(117.00)	(117.00)
	<b>839.60</b>	<b>741.69</b>
Aggregate Amount of Quoted Investments and market value thereof	-	-
Aggregate Amount of Unquoted Investments	956.61	858.69
Aggregate Amount of Impairment in Value of Investments	(117.00)	(117.00)
<b>Details of Investment in LLP</b>		
<b>Name of LLP : Balance clinic LLP</b>	<b>Share of Profit/ (loss) during the year</b>	<b>Capital</b>
Bal Pharma Limited	Rs. (9.99) Lakhs	Rs 8.00 Lakhs
Shailesh D Siroya	Rs. (2.50) Lakhs	Rs 2.00 Lakhs
Total Capital of the Firm ( Rs. in Lakhs)	10	10

Note :The Company has opted to account for investments in subsidiaries at cost as per Ind-AS 27 'Separate financial statements'

**BAL PHARMA LIMITED**
**CIN: L85110KA1987PLC008368**
**Notes to the standalone financial statements (continued)**

(all amounts in Rs. lakhs unless otherwise stated)

**Financial Assets**
**8. Loans**

Particulars	As at31 March 2021	As at31 March 2020
Security deposit	32.82	24.50
<b>From above :</b>		
Secured, considered good	-	-
Unsecured, considered good	32.82	24.50
Doubtful	-	-
	<b>32.82</b>	<b>24.50</b>

**9. Other financial assets**

Particulars	As at31 March 2021	As at31 March 2020
Bank Deposits (original maturity of more than 12 months)	238.59	145.80
<b>Others</b>		
Interest accrued but not received - Fixed Deposits	10.30	10.30
	<b>248.89</b>	<b>156.10</b>

**10. Non-current tax assets (Net)**

Particulars	As at31 March 2021	As at31 March 2020
Advances Tax (net of provision)	14.75	-
	<b>14.75</b>	<b>-</b>

**Non-financial assets**
**11. Other non-current assets**

Particulars	As at31 March 2021	As at31 March 2020
Capital Advances*	377.91	455.85
Other than Capital Advances:		
Balances with Statutory/Government Authorities	54.87	57.93
	<b>432.78</b>	<b>513.78</b>

\*refer note 60 for details of balances with related parties

**BAL PHARMA LIMITED****CIN: L85110KAI987PLC008368****Notes to the standalone financial statements (continued)**

(all amounts in Rs. lakhs unless otherwise stated)

**Current assets****12. Inventories (valued at lower of cost and net realisable value)**

Particulars	As at 31 March 2021	As at 31 March 2020
Raw materials	2,270.95	2,496.28
Packing material	416.18	410.88
Work-in progress	1,204.08	648.23
Finished goods	2,117.64	3,186.80
Fuel	3.18	12.68
	<b>6,012.03</b>	<b>6,754.87</b>

**Current financial assets****13. Trade Receivables**

Particulars	As at 31 March 2021	As at 31 March 2020
Trade Receivables considered good - secured	-	-
Trade Receivables considered good - unsecured*	6,944.09	5,165.91
Trade Receivables which have significant increase in credit risk	75.46	54.29
Trade Receivables - credit risk	-	-
	<b>7,019.55</b>	<b>5,220.20</b>
Loss Allowance	(75.46)	(54.29)
	<b>6,944.09</b>	<b>5,165.91</b>

Debts due by firms or private companies in which any director is a partner or a director or a member as at 31 March 2021 - Rs. 321.73 lakhs (31 March 2020 - Rs. 348.50 lakhs)

\* Refer note 60 for details of balances with related parties

**14. Loans**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Unsecured-Considered good</b>		
Loan receivables considered good - secured	-	-
Loan receivables considered good - unsecured		
- Security deposit	140.60	183.56
- Loans/advances to employees	64.60	29.01
- Inter-Corporate Loan to related party (Reffer Note-49)*	1,382.42	1,193.09
- Interest receivable on Inter-Corporate Loan to related party (Reffer Note-49)*	481.89	338.05
Loan receivables which have significant increase in credit risk	-	-
Loan receivables - credit impaired	-	-
	<b>2,069.51</b>	<b>1,743.71</b>

Debts due by firms or private companies in which any director is a partner or a director or a member as at 31 March 2021 - Rs. 1864.31 Lakhs (31 March 2020 - Rs. 1,531.14 lakhs)

\* Refer note 60 for details of balances with related parties

**BAL PHARMA LIMITED**
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**Notes to the standalone financial statements (continued)**

(all amounts in Rs. lakhs unless otherwise stated)

**15. Cash and cash equivalents**

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	17.34	17.05
Balance with bank		
- On current Account	69.73	24.37
Deposits with original maturity of less than 3 months	2.02	26.22
	<b>89.09</b>	<b>67.64</b>

**16. Other Bank balances**

Particulars	As at 31 March 2021	As at 31 March 2020
Bank Deposits (maturity between 3 months to 12 months)	264.20	210.61
Balance earmarked for Unclaimed Dividends	18.50	16.70
	<b>282.70</b>	<b>227.31</b>

**17. Other financial assets**

Particulars	As at 31 March 2021	As at 31 March 2020
Bank Deposits (original maturity of more than 12 months)	30.55	54.18
<b>Unsecured, considered good</b>		
Earnest Money	100.61	122.56
Other receivables	49.17	5.26
	<b>180.33</b>	<b>182.00</b>

**18. Current tax assets (Net)**

Particulars	As at 31 March 2021	As at 31 March 2020
Advance Tax (net of provision)	0.35	9.78
	<b>0.35</b>	<b>9.78</b>

**BAL PHARMA LIMITED****CIN: L85110KA1987PLC008368****Notes to the standalone financial statements (continued)**

(all amounts in Rs. lakhs unless otherwise stated)

**Non-financial assets****19. Other Current Assets**

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with statutory/government authorities	1,421.35	679.27
Export Incentives Receivable	429.92	353.45
Security Deposit from related parties (refer note no. 60)	796.49	743.34
Advances recoverable in Cash or Kind		
- from related parties (refer note no. 60)	150.46	151.24
- others	0.06	-
Advance to suppliers	906.43	740.07
Insurance claim receivable	-	-
Prepayments		6.88 29.06
Other current assets	30.27	23.49
	<b>3,741.87</b>	<b>2,719.92</b>

Debts due by firms or private companies in which any director is a partner or a director or a member as at 31 March 2021 - Rs. 963.39 Lakhs (31 March 2020 - Rs. 1,270.73 lakhs)

**20. Equity**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Authorised Share capital</b>		
31 March 2021 : 2,00,00,000 equity shares of Rs.10 each	2,000.00	2,000.00
31 March 2020 : 2,00,00,000 equity shares of Rs.10 each		
<b>Issued, subscribed and paid-up share capital</b>		
31 March 2021: Rs.1,48,22,372 equity shares of Rs.10 each	1,482.24	1,417.24
31 March 2020: Rs.1,41,72,372 equity shares of Rs.10 each		
	<b>1,482.24</b>	<b>1,417.24</b>

**a) Reconciliation of the shares outstanding at the beginning and at the end of the period**

Particulars	As at 31 March 2021	As at 31 March 2020
Opening Balance (Number of shares in Lakhs)	141.72	141.72
Add : Shares Issued during the year (Number of shares in Lakhs)	6.50	-
<b>Closing Balance</b>	<b>148.22</b>	<b>141.72</b>

**b. Rights, preferences and restrictions attached to equity shares:**

- (i) The Company has only one class of shares referred to as equity shares having par value of Rs 10 each.
- (ii) Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholders' meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders' meeting.
- (iii) The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing General Meeting.
- (iv) In the event of liquidation of the Company, the holders of 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 the number of equity shares held by the shareholders.
- (v) Each Share holder has a right to inspect the statutory registers of the company as per the provisions of the companies act, 2013.
- (vi) Each and every share holder has a right to participate in the share holders's meetings as and when called by the company subject to

**c. Equity shareholders holding more than 5 percent shares in the Company:**

Name of the shareholder	As at 31 March 2021		As at 31 March 2020	
	No. of shares (in Lakhs)	%	No. of shares (in Lakhs)	%
Shailesh Siroya	19.95	13.46%	13.45	9.49%
Micro Labs Limited	13.11	8.84%	13.11	9.25%
Anita Siroya	10.49	7.08%	10.49	7.40%
	<b>43.55</b>		<b>37.05</b>	

**(d) Shares reserved for issue under options & contracts/commitments for sale of shares /disinvestment, Including the terms & amounts - NIL**

- (i) For period of 5 years immediately preceding the balance sheet date.
  - Alloted as fully paid up by way of bonus shares NIL
  - Bought back NIL
  - For consideration other than cash- NIL
- (ii) Securities convertible into equity /preference shares issued - NIL
- (iii) No Calls Unpaid
- (iv) Issue of securities made for a specific purpose at the balance sheet date - NIL

**21. Other Equity**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>(e) Retained Earnings</b>		
Balance as at beginning of the reporting period	2,617.49	3,678.55
Add: Net profit/(loss) for the period	909.68	(890.21)
Less: dividend payable	-	(141.72)
Less: provision for Dividend Distribution Tax	-	(29.13)
	<b>3,527.17</b>	<b>2,617.49</b>
<b>(f) Other Reserves*</b>		
Securities premium	2,667.66	2,407.66
General reserve	245.15	245.15
Capital Reserve	44.06	44.06
	<b>2,956.87</b>	<b>2,696.87</b>
<b>(g) Other comprehensive income</b>		
Others (actuarial gain/ (Loss))	(137.13)	(106.71)
Add: Net gain/(loss) for the period	8.85	(30.42)
	<b>(128.28)</b>	<b>(137.13)</b>
<b>(h) Money received against Share warrants</b>	93.75	-
	<b>6,449.52</b>	<b>5,177.23</b>

\*Refer Statement of changes in equity for detailed movement in other equity balances.

**Nature and purpose of reserves****Retained Earnings:**

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to share holders.

**Securities premium:**

The amount received in excess of face value of the equity shares is recognised in securities premium. This reserve will be utilised in accordance with provisions of Section 52 of the Companies Act, 2013.

**General reserve:**

The Company has transferred a portion of its net profit before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013

**Other Comprehensive Income (OCI):****Re-measurement of defined employee benefit plans**

Difference between the interest income on plan assets and the return actually achieved, any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments with in the plans, are recognised in other comprehensive income and subsequently not reclassified into standalone statement of profit and loss

**Financial liabilities****22. Borrowings**

Particulars	As at 31 March 2021	As at 31 March 2020
Terms loans		
- from banks	997.14	1,255.28
- from others	983.72	1,036.06
GECL Loan	391.19	-
Other Loans		
A) vehicle loans	21.16	23.32
B) others	-	-
	<b>2,393.21</b>	<b>2,314.66</b>

The above amount includes\*

Secured Borrowings (includes vehicle loans)	2,947.53	2,892.30
Unsecured Borrowings	-	21.92

\*The amount disclosed above includes non current borrowings and current maturities portion reflected in note 28





**I) Details of securities, repayment and interest of secured term loans from banks (including current maturities of long-term debt):**

**A) Term loans (including current maturities of non-current borrowings) from Yes Bank Limited**

As at 31 March 2021 : Rs. NIL (31 March 2020 : Rs. 110.83 lakhs)

**Security**

- i) The loan is secured moveable and immovable fixed assets of the unit located in Sangli (unit V) and personal guarantee of Mr Shailesh Siroya (Managing Director)

**Repayment and interest terms**

- ii) The loan was repayable in 48 monthly installments starting from June 2017 with a initial moratorium of 12 months
- iii) The loan carried interest rate at 0.95% over and above the bank's 1 year MCLR  
During the year, the loan was repaid in full prior to the original due date

**B) Term loans (including current maturities of non-current borrowings) from South Indian Bank Limited - Term Loan 1**

As at 31 March 2021 : Rs. 432.90 lakhs (31 March 2020 : Rs. 445.38 lakhs)

**Security**

- i) All the property bearing municipal no 6/3 situated at Vasanthnagar, new ward number 63, Bengaluru consisting of 6825 square feet land owned by the Company

**Repayment and interest**

- i) The loan was repayable in 154 monthly installments starting from March 2018.
- ii) The loan carried interest rate equal to the lender's 12 month's MCLR rate

**C) Term loans (including current maturities of non-current borrowings) from South Indian Bank Limited - Term Loan 2**

As at 31 March 2021 : Rs. 312.84 lakhs (31 March 2020 : Rs. 317.6 lakhs)

**Security**

- i) All the property bearing municipal no 6/3 situated at Vasanthnagar, new ward number 63, Bengaluru consisting of 6825 square feet land owned by the Company

**Repayment and interest**

- i) The loan was repayable in 180 monthly installments starting from April 2018.
- ii) The loan carried interest rate equal to the applicable 12 month's MCLR rate

**D) Term loans (including current maturities of non-current borrowings) from HDFC Bank Limited**

As at 31 March 2021 : Rs. 458.94 lakhs (31 March 2020 : Rs. 616.51 lakhs)

**Security**

- i) Primary security of plant & machinery of Unit 1 located at 21 & 22, Bommasandra Industrial Area, Bengaluru. Secondary collateral on factory land and building of Unit 1 located at 21 & 22, Bommasandra Industrial Area, Bengaluru and personal guarantee of Mr Shailesh Siroya (managing director)

**Repayment and interest**

- i) The loan was repayable in 5 equal quarterly installments of Rs. 30 lakh and Rs. 14 lakh equal monthly installments till November 2023.
- ii) Interest was payable on at 10.75 % per annum

**E) Term loans (including current maturities of non-current borrowings) from Standard Chartered Bank Limited**

As at 31 March 2021 : Rs. 121.90 lakhs (31 March 2020 : Rs. 135.63 lakhs)

**Security**

- i) Hypothecation of Plant and Machinery which were funded from the term loan. For all the limits sanctioned by bank including term loan, charge on current assets of the Company along with HDFC Bank limited, Canara Bank and Yes Bank and first charge on the property located in Plot 61B, Bommasandra, Bengaluru and personal guarantee of Mr Shailesh Siroya (managing director)



**Repayment and interest**

- i) The disbursed loan to be repayable in 60 monthly EMI.
- ii) The loan carried interest rate equal to the applicable MCLR rate plus 1% per annum

**ii) Details of securities, repayment and interest of secured term loans from others (including current maturities of long-term debt):**

**A Term loans (including current maturities of non-current borrowings) from Tata Capital Financial Services Limited**

As at 31 March 2021 : Rs 1188.17 lakhs (31 March 2020 : Rs. 1230.26 lakhs)

**Security**

- i. The loan is secured by mortgage of the property of Golden Drugs Private Limited Unit at Udaipur and personal guarantee of Mr Shailesh Siroya (Managing director).

**Repayment and interest**

- i. The loan was repayable in 72 monthly installments starting from April 2019 with a initial moratorium of 12 months
- ii. The loan carried interest rate equal to the lender's long term lending rate less 7.19%

**iii) Details of securities, repayment and interest of Working Capital Term Loan under GECL scheme (including current maturities of long-term debt):**

**Working Capital Term Loans (including current maturities of non-current borrowings) from Canara Bank limited**

As at 31 March 2021 : Rs 400.00 lakhs (31 March 2020 : Rs. Nil)

**Security**

- i. The Loan is secured by all assets created out of credit facility
- ii. The Loan is further secured by extending the charges created over existing loan.
- iii. The facility is to be covered under Emergency Credit Line Guarantee Scheme (ECLGS) administered by National Credit Guarantee Trustee Company (NCGTC) Limited

**Repayment and interest**

- i. Initial moratorium of 12 months and thereafter repayable in 48 months as Rs 8.35 lakhs per month for 47 months and Rs 7.55 lakh per month for 1 month
- ii. The loan carried interest rate equal to the lender's long term lending rate less 7.50% p.a

**iv) Details of Vehicle loans (including current maturities of long-term debt):**

**a) Vehicle Loans (including current maturities of non-current borrowings) from Canara Bank Limited**

As at 31 March 2021 : Rs. 8.44 lakhs (31 March 2020 : Rs. 9.43 lakhs)

- (i) Secured by hypothecation of motor vehicles.
- (ii) These loans carry an interest rate of 9.20%.
- (iii) The principal amount has to be repaid in 60 equated monthly instalments.

**b) Vehicle Loans (including current maturities of non-current borrowings) from HDFC Bank Limited**

As at 31 March 2021 : Rs. 8.72 lakhs (31 March 2020 : Rs. 2.38 lakhs)

- (i) Secured by hypothecation of motor vehicles.
- (ii) These loans carry an interest rate of 9.90% to 10.50%
- (iii) The principal amount has to be repaid in 60 equated monthly instalments and 36 equated monthly instalments

**c) Vehicle Loans (including current maturities of non-current borrowings) from Kotak Mahindra Prime Limited**

As at 31 March 2021 : Rs. Nil (31 March 2020 : Rs. 3.60 lakhs)

- (i) Secured by hypothecation of motor vehicles.
- (ii) These loans carry an interest rate of 9.90% to 10.50%
- (iii) The principal amount has to be repaid in 60 equated monthly instalments.

**d) Vehicle Loans (including current maturities of non-current borrowings) from Punjab National Bank Limited**

As at 31 March 2021 : Rs. 15.93 lakhs (31 March 2020 : Rs. 20.74 lakhs)

- (i) Secured by hypothecation of motor vehicles.
- (ii) These loans carry an interest rate of 8.80%
- (iii) The principal amount has to be repaid in 84 equated monthly instalments.

**v) Details of securities, repayment and interest of other unsecured loans (including current maturities of long-term debt):**
**A Loan (including current maturities of non-current borrowings) from Capital First Limited (unsecured)**

As at 31 March 2021 : Rs. Nil (31 March 2020 : Rs.10.18 lakhs)

Repayment and interest

- i. The loan was repayable in 24 monthly installments starting from Aug 2017.
- ii. Interest was payable on at 15.00% per annum

**B Loan (including current maturities of non-current borrowings) from Equitas Small Finance Bank Limited (unsecured)**

As at 31 March 2020 : Rs. 11.73 lakhs (31 March 2019 : Rs. 29.42 lakhs)

Repayment and interest

- i. The loan was repayable in 36 monthly installments starting from November 2017.
- ii. Interest was payable on at 16.50% per annum

vi) There are no defaults in repayment of principal or interest to lenders as at the balance sheet date, however, in certain cases based on information available as on date, there exists a difference between the balance as per schedule and balance as per books

- In case of vehicle loans taken from Canara Bank Limited, the terms of which is stipulated in (iv) above, the balance as per original repayment schedule as on 31 March 2021 is Rs 7.38 lakhs whereas as per books is Rs 8.44 lakhs. Request has been made to bank to share the revised repayment schedule which is awaited.
- In case of term loans taken from HDFC Bank Limited, the terms of which is stipulated in (i)(D) above, the balance as per original repayment schedule as on 31 March 2021 is Rs 448.36 lakhs whereas as per books is Rs 458.94 lakhs. Subsequently, repaid the same.
- In case of vehicle loans taken from HDFC Bank Limited, the terms of which is stipulated in (iv) above, the balance as per original repayment schedule as on 31 March 2021 is Rs 0.50 lakhs whereas as per books is Rs 0.66 lakhs. Request has been made to bank to share the revised repayment schedule which is awaited.
- In case of term loans taken from South Indian Bank, the terms of which is stipulated in (i)(B) and (i)(C) above, the balance as per original repayment schedule as on 31 March 2021 is Rs 726.70 lakhs whereas as per books is Rs 745.73 lakhs. Request has been made to bank to share the revised repayment schedule which is awaited.

vii) Based on RBI notification dated 23 March 2020, the Company has applied for moratorium towards interest and principal repayments for borrowings from Yes Bank Limited, Standard Chartered Bank Limited, South Indian Bank and TATA Capital Financial Services Limited. The said application provides relief in payment of Interest and principal amount. Further, based on RBI's subsequent notification dated 23 May, 2020, the Company has requested for further extension of moratorium ending on 31 Aug, 2020. The same was received for Yes Bank Limited, Standard Chartered Bank Limited and TATA Capital Financial Services Limited.

**23. Other financial liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Deposits received from customers	142.88	155.38
Lease Liability (Ind AS 116)	161.52	112.05
	<b>304.40</b>	<b>267.43</b>

**24. Provisions**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Provision for employee benefits</b>		
Gratuity	346.83	296.24
Leave benefits	50.00	58.40
	<b>396.83</b>	<b>354.64</b>

**25. Deferred tax liabilities (Net)**

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred Tax Liability arising on account of:		
Property, Plant and Equipment	661.78	715.30
Others	5.65	11.44
Deferred Tax Asset arising on account of:		
Allowability of certain expenditure on payment basis	(151.58)	(122.67)
Disallowance for non payment and non deduction of TDS	(12.17)	(102.89)
Impairment of Investments	(37.73)	(33.04)
Income Tax Losses	-	(47.59)
Others	(25.45)	(15.75)
	<b>440.49</b>	<b>404.80</b>

**Current financial liabilities****26. Borrowings**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Secured:</b>		
- Cash Credit	4,657.27	5,040.58
- Packing Credit	2,503.83	1,471.12
- Buyers Credit-	-	356.90
- Bills Discounting	196.64	135.11
- Working Capital Demand Loan	147.31	-
Unsecured:		
Loan from Director	-	56.92
	<b>7,505.05</b>	<b>7,060.63</b>

- A)** All secured cash credit are secured by first charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future) and carries interest rate at 9.75% to 13.15% (31 March 2020 : 9.75% to 13.15%)
- B)** All secured packing credit and buyers credit are secured by first charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future) and carries interest rate at 9.75% to 13.15% (31 March 2020 : 9.75% to 13.15%) with maturity within 6 months
- C)** All secured bill discounting are secured by first charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future) and carries interest rate at 9.75% to 13.15% (31 March 2020 : 9.75% to 13.15%)
- D)** All secured working capital demand loans are secured by first charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future) and carries interest rate at 9.75% to 13.15% (31 March 2020 : 9.75% to 13.15%)
- E)** The loan from director carries nil rate of interest and repayable on demand

**27. Trade Payables**

Particulars	As at 31 March 2021	As at 31 March 2020
Due to Micro, Small and Medium Enterprises (refer note no. 43)	-	-
Due to Other than Micro, small and Medium Enterprises		
- Due to Related Parties (refer note no. 60)	272.49	271.43
- Due to Others	4,583.01	3,673.74
	<b>4,855.50</b>	<b>3,945.17</b>

**BAL PHARMA LIMITED**
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**Notes to the standalone financial statements (continued)**

(all amounts in Rs. lakhs unless otherwise stated)

**28. Other Financial Liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term debt *		
- term loan from banks	313.03	339.30
- term loan from others	193.99	194.20
- working capital term loan under GECL cheme	8.23	-
- vehicle loans	11.93	12.84
- others	-	21.92
Interest accrued but not due	11.51	-
Interest accrued and due	34.97	
Security deposits	15.72	15.72
Payable towards purchase of Property, Plant and Equipment	14.08	93.56
Accrued Payroll	203.90	195.68
Unclaimed Dividends	18.52	16.73
Payable towards Dividend Distribution Tax	29.13	58.26
Lease Liability (IND AS 116)	30.80	82.03
Director's Deposit	1.00	1.00
Rental Deposits		
-from Related Parties (refer note no. 60)	4.00	4.00
-from others	0.50	
Other current liabilities		
- Due to Others	436.21	382.58
	<b>1,327.52</b>	<b>1,431.31</b>

\*For details of terms of loan, refer note no. 22

**29. Other Current Liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Advance received from Customers	596.75	1,055.77
Statutory dues	175.34	336.56
Book Overdraft due to issue of cheques	130.19	116.60
	<b>902.28</b>	<b>1,508.93</b>

**30. Provision**

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Gratuity	49.99	32.54
Leave Encashment	14.67	16.74
	<b>64.66</b>	<b>49.28</b>

**BAL PHARMA LIMITED****CIN: L85110KA1987PLC008368****Notes to the standalone financial statements (continued)**

(all amounts in Rs. lakhs unless otherwise stated)

**31. Current Tax Liabilities (Net)**

Particulars	As at 31 March 2021	As at 31 March 2020
Current Income Tax Liabilities (Net)	32.26	-
	<b>32.26</b>	<b>-</b>

**32. Revenue from operations**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of Product	24,574.02	16,670.22
Sale of Services	-	55.05
Other operating revenue	356.86	342.01
	<b>24,930.88</b>	<b>17,067.28</b>

**33. Other income**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Interest income</b>		
- on Inter-Corporate Loans (refer note no.60)	143.84	170.93
- on fixed deposits with bank	27.40	29.71
- Others	3.91	8.99
Net gain on foreign currency translation and transactions	-	46.22
Profit on sale of Property, Plant and Equipment	4.06	5.25
Rental Income	12.73	12.30
Insurance Claim received	3.05	0.72
Balances/Advances No More Payable	57.81	45.47
Income Tax Refund Received	-	15.94
Other Non -Operating revenue	16.40	27.32
	<b>269.20</b>	<b>362.86</b>

**BAL PHARMA LIMITED**
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**Notes to the standalone financial statements (continued)**

(all amounts in Rs. lakhs unless otherwise stated)

**34. Cost of materials consumed**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw materials		
Opening stock	2,496.28	2,229.90
Add: Purchases - Raw Material	12,313.24	6,647.64
Less: Closing stock	(2,270.95)	(2,496.28)
	<b>12,538.57</b>	<b>6,381.26</b>
Packing Materials		
Opening Stock	410.88	541.91
Add: Purchases - Packing Material	1,013.59	756.27
Less: Closing stock	(416.18)	(410.88)
	<b>1,008.29</b>	<b>887.30</b>
	<b>13,546.85</b>	<b>7,268.55</b>

**35. Purchases of traded goods**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Purchase of traded goods	997.83	870.39
	<b>997.83</b>	<b>870.39</b>

**36. (Increase)/decrease in Inventories of finished goods and work in progress**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Inventories at the end of the year</b>		
Inventories at the end of the year		
Work-in-progress	1,204.08	648.23
Finished goods	2,117.64	3,186.80
	<b>3,321.72</b>	<b>3,835.03</b>
Inventories at the beginning of the year		
Work-in-progress	648.23	1,836.09
Finished goods	3,186.80	2,331.00
	<b>3,835.03</b>	<b>4,167.09</b>
	<b>513.31</b>	<b>332.06</b>

**BAL PHARMA LIMITED****CIN: L85110KA1987PLC008368****Notes to the standalone financial statements (continued)**

(all amounts in Rs. lakhs unless otherwise stated)

**37. Employee benefits expense**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salary and wages	3,489.02	4,414.69
Contribution to provident and other funds	158.93	211.72
Staff welfare expenses	218.75	180.59
Gratuity Expenses	67.83	58.36
Leave Encashment Expense	27.30	12.86
	<b>3,961.83</b>	<b>4,878.22</b>

**38. Finance Cost**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest Expenses on Term Loan	326.11	382.95
Interest Expenses on Working Capital	687.43	668.48
Interest Expenses GECL	3.71	-
Interest Expenses - others	19.31	15.63
Interest Expenses on Lease Liability (Ind AS 116)	15.85	12.38
Other Finance Cost (Including Interest on delayed payment of taxes)	143.41	175.59
	<b>1,195.82</b>	<b>1,255.03</b>

**39. Depreciation and Amortisation**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on Property, Plant and Equipment (refer note 4)	608.50	570.12
Amortisation on Intangible Assets (refer note 6)	117.16	132.53
	<b>725.66</b>	<b>702.65</b>





**40. Other expenses**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Consumption of stores and spares	24.97	32.06
Power and fuel	469.70	468.01
Laboratory and Testing Charges	175.08	187.01
Sub contracting expenses	408.03	203.01
Repairs & Maintenance		
- Plant and machinery	137.19	156.80
- Building	39.17	38.70
- Others	128.03	89.55
Commission on sales	251.42	274.44
Freight and forwarding charges	607.54	415.99
Net loss on foreign currency translation and transactions	188.77	-
Travelling Expenses	56.21	156.90
Advertisement and selling expenses	141.19	319.32
Legal and professional charges	126.45	169.20
Rent	55.18	29.03
Rates & Taxes	72.47	137.18
Communication Cost	31.68	43.12
Registration fees	20.13	14.22
Liquidated damages	39.10	31.32
Security Charges	58.88	56.57
Donation	7.35	1.75
Loss on sale of Duty Scrip	0.55	3.81
Seminar, Conference & Exhibition Expenses	0.36	17.14
Insurance	41.19	34.63
Printing & Stationary	30.00	42.84
Subscription & Membership	4.36	8.59
Bank charges	18.40	14.40
Expected Credit Losses	21.17	22.38
Impairment on Investments	-	2.50
Balances/Advances No More Recoverable	77.72	31.95
Assets written off	10.58	-
Miscellaneous Expenses	36.29	28.43
	<b>3,279.16</b>	<b>3,030.85</b>

**41. Contingent liabilities and commitments**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Contingent liabilities</b>		
- Income tax	159.67	99.11
- Excise & Customs and Service Tax (refer note 1 below)	272.97	247.94
- Sales Tax (refer note 2 below)	1.18	-
- Others (Letter of credit)	-	952.40
Capital commitments		
-Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	-	-

**Note 1 :** The Company has received show cause notices under the Central Excise laws and Service Tax laws in for the years 2007-08 onwards which in various stages of assessment as at 31 March 2021. The assessments are in progress and the Company has not received the assessment order in respect of the same. In certain cases, the Company has preferred an appeal which has been remanded back to the original authority for reassessment.

**Note 2:** The Company has received a modified assessment order dated 10 March 2021 with a demand of Rs 5.84 lakhs inclusive of interest of Rs 3.87 interest. The Company has filed an application under Kerala Amnesty scheme 2021 for waiver of 100% interest and 40% tax demand. The Company is awaiting approval of the same.

**Other Disputes**

The Company is also involved in other lawsuits, claims, investigations and proceedings, which arise in the ordinary course of business, however, there are no such matters pending that the company expects to be material in relation to its business.

**42. Auditors' remuneration excluding tax (included in Legal and Professional Charges)**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
As auditor		
- for Statutory audit	7.00	7.00
- for Taxation matters	0.50	0.50
- for Limited Review	0.20	0.20
In other capacity	-	-
Other services (certification fees)	-	0.80
Reimbursement of expenses	-	0.50
	<b>7.70</b>	<b>9.00</b>

**43 Disclosure with respect to Micro, Small and Medium Enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the MSMED Act'). However as on date, the Company has not received any information with regard to vendors who have obtained registration under the said act.

Accordingly, the Company has disclosed the entire amount as payable to vendors other than Micro, small and Medium enterprise.

**44 Confirmations**

Balances of Trade Receivables, Trade Payables, Loans and Advances, Receivables and Payables are subject to confirmation / reconciliation, if any

**45 Investment in AB Vet Pharma Pty. Ltd. (Joint Venture)**

AB vet Pharma PTY Ltd, incorporated in Melbourne, Australia as a joint venture Company between Bal Pharma Limited and Akaal Pharma PTY Ltd. This joint venture is intended for developing, promoting and marketing of veterinary medicines in the regulated markets. However, during the year ended 31 March 2021 the management has decided to terminate the agreement.

## 46 Earnings per share

Basic EPS amounts are calculated by dividing the income for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. The Company has no potentially dilutive instruments.

### (i) Reconciliation of earnings used in calculating earnings per share:

Particulars	As at 31 March 2021	As at 31 March 2020
From continuing operations:		
Total Profit / (Loss) for the period attributable to Equity shareholders	909.69	(890.21)
<b>Net profit/(loss) for basic and diluted earnings</b>	<b>909.69</b>	<b>(890.21)</b>

### (ii) Reconciliation of basic and diluted shares used in computing earnings per share

Particulars	As at 31 March 2021	As at 31 March 2020
Number of equity shares at the beginning of the year (in Lakhs)	141.72	141.72
Add: Weighted average number of equity shares issued during the year	0.27	-
Number of weighted average equity shares considered for calculation of basic and diluted earnings per share (in lakhs)	<b>141.99</b>	<b>141.72</b>

### (iii) Earnings per share:

Particulars	As at 31 March 2021	As at 31 March 2020
Basic	6.41	(6.28)
Diluted	6.41	(6.28)
(All share warrants issued at average market price)		

\* The Company has no potential dilutive instruments

## 47. Unclaimed Dividends on Equity Shares

Particulars	As at 31 March 2021	As at 31 March 2020
2013 - 2014	2.34	2.34
2014 - 2015	3.83	3.78
2015 - 2016	2.64	2.64
2016 - 2017	2.44	2.40
2017 - 2018	2.61	0.90
2018 - 2019	2.72	2.73
	<b>18.53</b>	<b>16.74</b>

## 48. Expenditure on corporate social responsibility activities

As per Section 135 of the Companies Act, 2013, a company meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Amount required to be spent by the Company during the year*	-	-
(b) Amount spent during the year	-	-

\* for the year ended 31 March 2021, the Company does not meet the threshold limits

**49. Details of inter- corporate deposits/Loans and Advances/Guarantees/ Securities given to related parties:****(a) Terms and conditions on which inter- corporate deposits/Loans and Advances/Guarantees/ Securities have been given:**

Name of party	Golden Drugs Private Limited
Nature of relationship	Private Limited company which is wholly owned
Purpose	Setting up and upgradation of manufacturing unit

**(b) Reconciliation of inter- corporate deposits/Loans and Advances/Guarantees/ Securities given as at the beginning and at the end of the year:**

Particulars	As at 31 March 2021	As at 31 March 2020
At the commencement of the year	1,193.09	990.22
Add: Given during the year	283.35	228.60
Less: Repaid during the year	(94.02)	(25.73)
<b>At the end of the year</b>	<b>1,382.42</b>	<b>1,193.09</b>

**50. Leases****(a) Company as a lessee**

Effective April 1, 2019, the Company adopted Ind-AS 116, on all lease contracts existing on April 1, 2019 using the modified retrospective method with Right-of-use assets recognised at an amount equal to the lease liabilities in the balance sheet. The Right-of-use assets as on March 31, 2020 and March 31, 2021 have been presented as part of Property, plant and equipment.

For these short term leases, the Company recognises the lease payments as an operating expense on a straight line basis over the period of lease.

**Changes in Lease Liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Opening Balance as on 1 April 2020	194.08	-
On account of adoption of Ind AS 116	-	262.23
Additions	72.55	-
Finance Cost	15.85	12.38
Payment of Lease Liabilities	(90.15)	(80.53)
Closing Balance	192.32	194.08
Current Lease Liabilities	30.80	82.03
Non-current Lease Liabilities	161.52	112.05

**Contractual Maturities of Lease Liability**

Particulars	As at 31 March 2021	As at 31 March 2020
Less than one year	45.17	81.93
1 to 5 years	189.09	121.77
above 5 years	-	32.76

**(b) Company as a lessor**

The company's leasing arrangements as a lessor are in nature of operating leases. These are cancelable operating leases and these lease agreements are normally renewed on expiry. The aggregate lease rental payable are charged as rent under note 40

## 51. Export Benefit Incentives

Export benefit Incentives includes Duty Drawback ('DBK'), Focus Marketing incentive scheme(FMS), Focus product scheme (FPS), Market Linked Product Scheme (MLPS), Incremental Exports incentive scheme, Merchandise Export India Scheme and Service tax rebate scheme (STR). The Company has accounted an amount of Rs. 348.82 lakhs (31 March 2020 :Rs.329.48 Lakhs ) under "other operating revenue", being the net amount of credit under various export incentive schemes as announced under Foreign trade Policy. The same will be either be sold or utilized for off-setting customs duty on future imports. The accumulated amount outstanding on this account as on 31 March 2021 is Rs. 429.92 lakhs (31 March 2020: Rs.353.45 Lakhs) and the same is reflected under Export Incentives Receivable.

## 52. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. The operating segments' operating results are reviewed by the Chief Operating Decision Maker (Board of Directors) to make decisions about resources to be allocated to the segments and assess their performance. The Company's business activities fall within one component namely, "manufacturing and marketing of pharmaceutical formulations and active pharmaceutical ingredients". Accordingly, separate disclosures per the requirements of IndAS 108, Operating Segments, are not considering necessary.

In accordance with IndAS-108 "Operating Segments", information about geographical areas has been given in the Consolidated Financial Statements of Bal Pharma Limited and therefore, no separate disclosure on geographical areas is given in these financial statements

## 53. Income tax

### A. Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current income tax:</b>		
Current income tax charge	37.87	-
Previous Year's Tax Adjustment	-	(14.86)
	<b>37.87</b>	<b>(14.86)</b>
<b>Deferred tax:</b>		
Attributable to -		
Origination and reversal of temporary differences	32.06	(2.56)
	<b>32.06</b>	<b>(2.56)</b>
<b>Minimum Alternate Tax credit entitlement</b>		
Excess of tax liability under Minimum Alternate Tax over Normal Provisions as per Income Tax Act, 1961	-	-
	-	-
<b>Income tax (credit) / expense reported in the Statement of profit or loss</b>	<b>69.93</b>	<b>(17.43)</b>

### B. Income tax recognised in other comprehensive income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Net (gain)/loss on remeasurement of defined benefit liability/ (assets)	(3.63)	10.69
<b>Income tax charged to OCI</b>	<b>(3.63)</b>	<b>10.69</b>

**C. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit before income tax	979.61	(907.63)
Domestic tax rate *	29.12%	26.00%
Tax using the Company's domestic tax rate	285.26	(235.98)
Impact of Non-taxable items due to Ind AS adjustments	13.45	(3.69)
Weighted Deductions and Exemptions	7.16	(45.10)
Impact of non-deductible expenses for tax purposes (Net)	2.13	10.03
Impact of disallowance for non payment and non deduction of TDS	(24.40)	102.89
Impact of allowability of certain expenditure on payment basis	102.89	37.91
Impact of Depreciation on Property, Plant and Equipment and others	(42.87)	28.42
Impact of tax losses on tax expense	(268.30)	47.59
Previous Year's Tax Adjustment	-	(14.86)
Others	(5.40)	55.38
<b>Current tax Expense</b>	<b>69.93</b>	<b>(17.43)</b>
Effective Tax Rate	7.14%	1.92%

\* Including applicable surcharge rate and cess

**D. Deferred Tax**

Deferred tax relates to the following:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Deferred Tax Liability</b>		
Property, Plant and Equipment	661.78	715.30
Borrowings	5.65	11.44
<b>Deferred tax Asset</b>		
Allowability of certain expenditure on payment basis	(151.58)	(122.67)
Disallowance under sec 40(a)(ia)	(12.17)	(102.89)
Impairment of Investments	(37.73)	(33.04)
Income Tax Losses	-	(47.59)
Others	(25.45)	(15.75)
<b>Deferred tax Liability Reflected in Balance Sheet</b>	<b>440.49</b>	<b>404.80</b>

#### 54. Expenditure on Research and Development

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Total Expenditure</b>		
Raw material consumed	4.66	6.51
Power and Fuel	21.26	12.32
Water Charges	2.94	0.77
Laboratory and testing	1.81	4.97
Employee benefit expense	163.40	127.89
Others	8.38	56.16
<b>Total Revenue Expenditure</b>	<b>202.45</b>	<b>208.62</b>
<b>Amount Capitalised (refer note 6)</b>		
Development Expenses	(200.14)	(203.98)

#### 55. Note on Suspended Activities in Unit located at Pune

The Management of the Company has decided to suspend the operations of its IV fluids and parenterals manufacturing facility at Pune as this unit has been consistently incurring operational losses due to various reasons such as higher costs of raw materials, escalation in production cost, employee cost, lack of adequate orders and thin margins on products manufactured. The above have led to a situation wherein any further efforts to restore the profitability of the unit will be futile.

This decision was taken as part of the restructuring exercise undertaken by the Company to streamline its operations and to exit from its noncore businesses, so that further deterioration of its noncore business revenues can be plugged. The management is considering both avenues of disinvestment of the Unit or partnering with an outside party, whichever is beneficial.

#### 56. Value of Imports calculated on CIF basis

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw Materials	5,677.32	2,660.74
Capital goods (Including spares and components)	-	-
	<b>5,677.32</b>	<b>2,660.74</b>

#### 57. Details of consumption of imported and indigenous raw materials, components and spare parts:

Particulars	31 March 2021		31 March 2020	
	Value in Rs	% of total consumption	Value in Rs	% of total consumption
<b>Raw Material</b>				
Imported	5,516.97	44.00%	2,453.94	38.75%
Indigenous	7,021.59	56.00%	3,878.22	61.25%
	<b>12,538.57</b>	<b>100.00%</b>	<b>6,332.16</b>	<b>100.00%</b>
<b>Stores and Spares</b>				
Imported	-	-	-	-
Indigenous	-	-	-	-
	<b>12,538.57</b>		<b>6,332.16</b>	

**58. Earnings in Foreign Currency**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
FOB value of Exports	15,042.68	10,345.49

**59. Expenditure in Foreign Currency**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Traveling expenditure	22.58	70.84
Registration fee	15.80	12.06
Commission on export sales	90.86	73.01
Sales promotion expenses	56.16	106.95
	<b>185.40</b>	<b>262.86</b>

**60. Related Party Transactions****A Subsidiaries**

Wholly owned Subsidiary Company	Golden Drugs Private Limited
Subsidiary Company	Balance Clinics LLP
Subsidiary Company	Bal Research Foundation
Subsidiary Company	Lifezen Healthcare Private Limited

**B Enterprise owned by the Managing Director of the company** Desa Marketing International**C Enterprise over which the Managing Director of the Company exercises joint control with other relatives** Siroya Construction  
Siroya Wellness  
Siroya & Company**D Enterprise over which the Managing Director of the Company exercises joint control with other directors** Siroya Properties & Holdings Private Limited  
Siroya Developers Private Limited**E Significant Interest Entities** Micro Labs Limited**F Key management personnel** Shailesh D Siroya - Managing Director  
Dr. S Prasanna - Whole Time Director (till 30 th October 2020)  
Himesh Virupakshaya - Whole Time Director  
(w.e.f 25th September 2020)  
Himesh Virupakshaya - Additional Director (till 25th September 2020)  
Preeti Singh - Company Secretary (w.e.f 14th May 2020)  
G Rengarajan - Chief Financial Officer





**BAL PHARMA LIMITED**

**CIN: L85110KA1987PLC008368**

**Notes to the standalone financial statements (continued)**

(all amounts in Rs. lakhs unless otherwise stated)

**ii. Particulars of Related Party Transactions**

Particulars	Category	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from Operations			
- Micro Labs Limited	E	292.17	140.15
- Lifezen Healthcare Private Limited	A	31.22	24.38
- Balance Clinics LLP	A	-	2.50
- Golden Drugs Private Limited	A	-	79.71
		<b>323.39</b>	<b>246.74</b>
Other Income - Rental Income			
- Lifezen Healthcare Private Limited	A	9.08	9.90
- Bal Research Foundation	A	2.83	2.40
		<b>11.91</b>	<b>12.30</b>
Other Income - Interest on Inter-Corporate Loans			
- Golden Drugs Private Limited	A	481.89	170.93
		<b>481.89</b>	<b>170.93</b>
Other Income - Profit on sale of Property, Plant and Equipment			
- Golden Drugs Private Limited	A	1.95	5.25
		<b>1.95</b>	<b>5.25</b>



## ii. Particulars of Related Party Transactions

Particulars	Category	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Purchase of traded goods</b>			
- Lifezen Healthcare Private Limited	A	6.58	22.34
		<b>6.58</b>	<b>22.34</b>
<b>Sub contracting expenses</b>			
- Golden Drugs Private Limited	A	92.85	33.02
		<b>92.85</b>	<b>33.02</b>
Commission on sales			
- Desa Marketing International	B	117.15	34.22
		<b>117.15</b>	<b>34.22</b>
Sales promotion expenses			
- Siroya & Company	E	3.19	-
		<b>3.19</b>	-
Rental Expenses			
- Shailesh D Siroya	F	12.00	12.00
- Golden Drugs Private Limited	A	0.24	0.24
		<b>12.24</b>	<b>12.24</b>
Key Managerial Personnel Compensation			
- Shailesh D Siroya	F	102.00	102.00
- Dr. S. Prasanna	F	23.80	33.60
- Himesh Virupakshaya	F	31.61	14.40
- Preeti Singh	F	4.50	-
- G Rengarajan	F	14.75	6.46
		<b>176.65</b>	<b>156.46</b>
<b>Loans Given</b>			
- Golden Drugs Private Limited	A	148.72	202.87
- Lifezen Healthcare Private Limited	A	53.14	-
		<b>201.86</b>	<b>202.87</b>
Loans Taken			
- Balance Clinics LLP	A	1.57	-
		<b>1.57</b>	-
Purchase of Capital Goods			
- Siroya Constructions	C	-	0.95
		-	<b>0.95</b>
Expenses incurred on behalf of			
- Siroya Properties & Holdings Private Limited	D	0.13	-
		0.13	-
Deposit Provided for rendering of services			
- Lifezen Healthcare Private Limited	A	53.14	68.71
		<b>53.14</b>	<b>68.71</b>
Loan received from Director (Net)			
- Shailesh D Siroya	F	(56.92)	56.92
		<b>(56.92)</b>	<b>56.92</b>



## iii. Amount outstanding as at the balance sheet date

Particulars	Category	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Trade Receivables</b>			
- Lifezen Healthcare Private Limited	A	206.63	241.00
- Balance Clinics LLP	A	8.11	6.08
- Micro Labs Limited	E	112.29	82.13
- Bal Research Foundation	A	8.11	5.28
- Golden Drugs Private Limited	A	98.88	96.14
		<b>434.02</b>	<b>430.63</b>
<b>Inter-Corporate Loan</b>			
- Golden Drugs Private Limited	A	1,864.31	1,193.09
		<b>1,864.31</b>	<b>1,193.09</b>
<b>Interest receivable on Inter-Corporate Loan</b>			
- Golden Drugs Private Limited	A	481.89	338.05
		<b>481.89</b>	<b>338.05</b>
<b>Security Deposit</b>			
-Lifezen Healthcare Private Limited	A	796.49	743.30
		<b>796.49</b>	<b>743.30</b>
<b>Advances recoverable in Cash or Kind</b>			
- Balance Clinics LLP	A	148.27	149.85
- Bal Research Foundation	A	1.21	0.41
- Siroya Wellness	C	0.98	0.98
		<b>150.46</b>	<b>151.24</b>
<b>Other current assets</b>			
- Himesh Virupakshaya	F	0.34	376.09
- Siroya Properties & Holdings Private Limited	D	18.29	
		<b>18.63</b>	<b>376.09</b>
<b>Loan from Director</b>			
- Shailesh D Siroya	F	-	56.92
		<b>-</b>	<b>56.92</b>
<b>Trade Payables</b>			
- Desa Marketing International	B	81.94	175.75
- Lifezen Healthcare Private Limited	A	29.18	27.59
- Balance Clinics LLP	A	9.53	9.53
- Siroya Constructions	C	1.44	-
- Golden Drugs Private Limited	A	150.40	58.56
		<b>272.49</b>	<b>271.43</b>
<b>Payable towards Capital Goods</b>			
- Siroya Constructions	C	-	0.51
		<b>-</b>	<b>0.51</b>
<b>Other financial liabilities - Rental Deposits</b>			
- Bal Research Foundation	A	1.00	1.00
- Lifezen Healthcare Private Limited	A	3.00	3.00
		<b>4.00</b>	<b>4.00</b>
<b>Other Current Liabilities</b>			
- Himesh Virupakshaya	F	0.34	-
- Shailesh D Siroya	F	0.85	-
		<b>1.19</b>	<b>-</b>

\* Managerial remuneration does not include provision for gratuity and leave encashment, which is determined for the Company as a whole



## 61. Employee benefits

### (a) Defined Contribution Plans

Employees receive benefits from a provident fund and employee state insurance funds. The employer and employees each make periodic contributions to the plan as per local regulations. The following table discloses the employers contribution to the funds:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Provident Fund Contribution	136.50	178.31
Contribution to Employee State Insurance	22.22	32.72
Labour Welfare Fund	0.21	0.68

### (b) Defined Benefit Plans and other Long term plans

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the number of years of employment with the Company.

Actuarial Valuation for compensated absences is done as at the year end and the provision is made as per Company policy with corresponding (gain)/charge to the statement of profit and loss and it covers all regular employees. Obligation in respect of earned leave policy are actuarially determined as at the year end using the 'Projected Unit Credit' method.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit and leave encashment

Particulars	Gratuity		Leave Encashment	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
<b>Changes in present value of defined benefit obligations during the year</b>				
Present Value of Defined Benefits at the beginning of the year	328.78	246.11	75.60	69.84
Service cost	44.79	42.10	22.01	25.05
Past Service Cost	-	-	-	-
Interest on defined benefit obligation	23.03	16.26	5.29	4.53
Benefits settled	(20.36)	(16.80)	(5.19)	(7.55)
Actuarial (gain) / loss	20.57	41.11	(33.04)	(16.73)
	<b>396.81</b>	<b>328.78</b>	<b>64.67</b>	<b>75.14</b>
<b>Reconciliation of present value of the obligation and the fair value of the plan assets:</b>				
Present Value of Defined Benefits at the end of the year	396.81	328.78	(64.67)	(75.14)
Fair value of plan assets at the end of the year	-	-	-	-
	<b>(396.81)</b>	<b>(328.78)</b>	<b>(64.67)</b>	<b>(75.14)</b>
Net Liability - Current (Refer Note No. 30)	49.99	32.54	14.67	16.74
Net Liability - Non Current (Refer Note No. 24)	346.83	296.24	50.00	58.40
<b>Expenses recognised in Statement of Profit or Loss during the year</b>				
Current Service cost	44.79	42.10	21.56	25.05
Past Service Cost	-	-	-	-
Interest cost on defined benefit (net)	23.03	16.26	5.29	4.53
Expected return on plan assets	-	-	-	-
	<b>67.83</b>	<b>58.36</b>	<b>27.30</b>	<b>29.59</b>

**(b) Defined Benefit Plans and other Long term plans (continued)**

Particulars	Gratuity		Leave Encashment	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
<b>Actuarial (gain) / loss</b>				
Remeasurements - Due to Demographic Assumptions	(5.99)	(4.76)	(0.83)	1.75
Remeasurements - Due to Financial Assumptions	41.77	(2.34)	5.09	(1.53)
Remeasurements - Due to Experience Adjustments	(15.22)	48.21	(37.31)	(16.94)
(Return) on Plan Assets (Excluding Interest Income)	-	-	-	-
(Return) on Reimbursement Rights	-	-	-	-
Changes in Asset Ceiling / Onerous Liability	-	-	-	-
	<b>20.57</b>	<b>41.11</b>	<b>(33.04)</b>	<b>(16.73)</b>
<b>Maturity Profile of Defined Benefit Plan</b>				
Within the next 12 months	49.99	32.54	7.62	-
Between 2 and 5 years	125.33	68.35	18.68	17.36
Between 6 and 9 years	88.25	68.31	12.72	12.38
For 10 years and above	133.25	159.58	22.65	(29.75)
<b>Sensitivity Analysis for significant assumptions</b>				
Salary Escalation - Up by 1%	5.47%	8.47%	5.89%	9.78%
Salary Escalation - Down by 1%	-4.96%	-7.49%	-5.30%	-8.33%
Attrition Rates - Up by 1%	-0.27%	0.66%	-0.26%	1.17%
Attrition Rates - Down by 1%	0.29%	-0.75%	0.28%	-1.33%
Discount Rates - Up by 1%	-5.48%	-7.80%	-5.65%	-8.45%
Discount Rates - Down by 1%	6.14%	9.06%	6.39%	10.06%
<b>Assumptions</b>				
Discount rate	7.23%	6.84%	7.23%	6.84%
Estimated rate of return on plan assets	0.00%	0.00%	0.00%	0.00%
Salary increase	11.81%	5.00%	7.00%	5.00%
Attrition Rate	38.11%	5.00%	15.00%	5.00%
Retirement age	58 years	58 years	58 years	58 years

**62. Financial Instruments - Fair Value Disclosure****The carrying value and fair value of financial instruments by categories for year ended 31 March, 2021**

	Note No	Carrying value	Amortized Cost	Fair Value
<b>Financial Asset at Amortised Cost (Current and Non-Current)</b>				
Investments *	7	839.60	839.60	-
Loans	8 & 14	2,102.33	2,102.33	-
Trade receivable	13	6,944.09	6,944.09	-
Cash and cash equivalents	15	89.09	89.09	-
Other bank balances	16	282.70	282.70	-
Other financial assets	9 & 17	429.21	429.21	-
<b>Total Financial Assets</b>		<b>10,687.03</b>	<b>10,687.03</b>	-
<b>Financial Liabilities at Amortised Cost (Current and Non-Current)</b>				
Borrowings (including current maturities)	22,26 & 28	10,425.44	10,425.44	-
Trade payables	27	4,855.50	4,855.50	-
Other financial liabilities	23 & 28	1,104.74	1,104.74	-
<b>Total Financial Liabilities</b>		<b>16,385.67</b>	<b>16,385.67</b>	-
		<b>(5,698.66)</b>	<b>(5,698.65)</b>	-

\*The Company has opted to account for investments in subsidiaries at cost as per Ind-AS 27 'Separate financial statements'

**The carrying value and fair value of financial instruments by categories for year ended 31 March, 2020**

	Note No	Carrying value	Amortized Cost	Fair Value
<b>Financial Asset at Amortised Cost (Current and Non-Current)</b>				
Investments	7	741.69	741.69	-
Loans	8 & 14	1,768.21	1,768.21	-
Trade receivable	13	5,165.91	5,165.91	-
Cash and cash equivalents	15	67.64	67.64	-
Other bank balances	16	227.31	227.31	-
Other financial assets	9 & 17	338.10	338.10	-
<b>Total Financial Assets</b>		<b>8,308.86</b>	<b>8,308.86</b>	-
<b>Financial Liabilities at Amortised Cost (Current and Non-Current)</b>				
Borrowings (including current maturities)	22,26 & 28	9,943.55	9,943.55	-
Trade payables	27	3,945.17	3,945.17	-
Other financial liabilities	23 & 28	1,130.47	1,130.47	-
<b>Total Financial Liabilities</b>		<b>15,019.19</b>	<b>15,019.19</b>	-
		<b>(6,710.33)</b>	<b>(6,710.33)</b>	-

### 63. Financial Instruments - Financial risk management

The Company has exposure to following risks arising from financial instruments-

- Market Risk
- Credit Risk
- Liquidity Risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relations to the risks faced by the Company.

#### I Market Risk

##### 1) Currency Risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. However as the Company exports as well as imports goods and services, the Company has a natural hedging due to its operations. Market Risk is the risk that changes in market prices such as foreign exchange rates will effect company's income or value of its holding financial assets/ instruments. The exchange rate between the Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the Rupee appreciates/ depreciates against US dollar (USD), Euro (EUR), Dharams (AED) and Others.

#### (a) Foreign Exchange Exposures outstanding at the year end

Nature Of Instrument	As at 31 March 2021	As at 31 March 2020
Unhedged Foreign Exchange Exposures		
Trade Receivables	2,969.25	1,744.28
Cash and Cash Equivalents	7.71	6.23
	<b>2,976.96</b>	<b>1,750.51</b>
Trade Payables	(1,221.53)	(410.20)
Current Borrowings	(2,700.47)	(1,963.13)
Others	-	(32.58)
	<b>(3,922.00)</b>	<b>(2,405.90)</b>
	<b>(945.04)</b>	<b>(655.39)</b>

#### (b) Foreign Currency Risk from Financial Instrument as at 31 March 2021

Nature Of Instrument	USD	EUR	AED	Others	Total
Trade Receivables	2,562.47	406.78	-	-	2,969.25
Cash and Cash Equivalents	7.71	-	-	-	7.71
Trade Payables	(1,215.82)	(5.71)	-	-	(1,221.53)
Current Borrowings	(2,649.63)	(50.84)	-	-	(2,700.47)
Others	-	-	-	-	-
<b>Net Assets/(Liabilities)</b>	<b>(1,295.28)</b>	<b>350.23</b>	<b>-</b>	<b>-</b>	<b>(945.04)</b>

**(b) Foreign Currency Risk from Financial Instrument as at 31 March 2020**

Nature Of Instrument	USD	EUR	AED	Others	Total
Trade Receivables	1,350.13	333.20	60.94	-	1,744.28
Cash and Cash Equivalents	6.23	-	-	-	6.23
Trade Payables	(405.08)	(5.11)	-	-	(410.20)
Current Borrowings	(1,705.00)	(258.13)	-	-	(1,963.13)
Others	(32.58)	-	-	-	(32.58)
<b>Net Assets/(Liabilities)</b>	<b>(786.29)</b>	<b>69.96</b>	<b>60.94</b>	<b>-</b>	<b>(655.39)</b>

**(c) Sensitivity Analysis**

A reasonably possible change in foreign exchange rates by 5% would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant

Particulars	USD	EUR	AED
<b>Impact on Statement of Profit and Loss</b>			
Increase by 5%			
As at 31 March 2021	(64.76)	17.51	-
As at 31 March 2020	(39.31)	3.50	3.05
Decrease by 5%			
As at 31 March 2021	64.76	(17.51)	-
As at 31 March 2020	39.31	(3.50)	(3.05)
<b>Impact on Equity (Net of Tax)</b>			
Increase by 5%			
As at 31 March 2021	(47.93)	12.96	-
As at 31 March 2020	(29.09)	2.59	2.25
Decrease by 5%			
As at 31 March 2021	47.93	(12.96)	-
As at 31 March 2020	29.09	(2.59)	(2.25)





## 2 Interest rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

### a) Exposure to Interest Rate Risk

The interest rate profile of the Company's interest-bearing financial instruments as reported :

Nature Of Instrument	As at 31 March 2021	As at 31 March 2020
<b>Fixed Rate Instruments</b>		
Financial Assets	1,917.77	1,629.90
Financial Liabilities	(8,053.57)	(7,833.59)
<b>Variable Rate Instruments</b>		
Financial Assets	-	-
Financial Liabilities	(2,514.74)	(2,239.70)
	<b>(8,650.54)</b>	<b>(8,443.39)</b>

### (b) Fair value sensitivity analysis for fixed-rate instruments

The Company's fixed rate instruments are carried at amortised cost. They are therefore not subject to interest rate risk as defined as per IndAS 107, since neither the carrying amount nor future cash flows will fluctuate because of change in market interest rates.

### (c) Cash flow sensitivity analysis for variable-rate instruments

A reasonable possible change of 2% (200 basis points) in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	As at 31 March 2021	As at 31 March 2020
Impact on Statement of Profit and Loss		
Increase by 2%	(47.54)	(48.25)
Decrease by 2%	47.54	48.25
Impact on Equity (Net of Tax)		
Increase by 2%	(33.70)	(35.71)
Decrease by 2%	33.70	35.71

## B Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

### Maturities of financial liabilities:

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.



Particulars	Contractual cash Flows				Total
	Carrying Amount	< 12 Months	1 to 5 years	> 5 years	
<b>31 March, 2021</b>					
Borrowings (Incl Current Maturities)*	2,920.39	528.43	1,941.76	477.64	2,947.84
Trade and other payables	4,855.50	4,855.50	-	-	4,855.50
Short Term Borrowings	7,505.05	7,505.05	-	-	7,505.05
Other Financial Liabilities	1,104.74	800.34	304.40	-	1,104.74
<b>31 March, 2020</b>					
Borrowings (Incl Current Maturities)*	2,882.92	573.96	1,802.14	538.11	2,914.21
Trade and other payables	3,945.17	3,945.17	-	-	3,945.17
Short Term Borrowings	7,060.63	7,060.63	-	-	7,060.63
Other Financial Liabilities	1,130.47	863.05	267.43	-	1,130.47

\*indicates actual outflow

## C Credit Risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the date of the balance sheet, as summarised in the table below. The Company periodically assesses the financial reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and Cash Equivalents	89.09	67.64
Other Bank Balances	282.70	227.31
Trade Receivables	6,944.09	5,165.91
Short Term Financial Assets	2,249.83	1,925.71
Long Term Financial Assets	1,121.31	922.29
	<b>10,687.03</b>	<b>8,308.86</b>

Credit risk on cash and cash equivalents is limited as they are generally invested in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Advances to Related Parties are for business purposes and the Company assesses the credit risk on these advances on a regular basis and does not foresee any event of default.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of IndAS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base. Adequate expected credit losses are recognized as per the assessments and as such has provided for a expected credit loss of Rs.21.17 lakhs (31 March 2020 :Rs.22.38 Lakhs)



**Ageing of Trade Receivable**

Particulars	0-180 Days	Above 180 Days	Total
As on 31 March, 2021	5,896.97	1,047.13	6,944.10
As on 31 March, 2020	4,113.91	1,052.00	5,165.91
	<b>10,010.88</b>	<b>2,099.13</b>	<b>12,110.01</b>

**Reconciliation of Loss Allowance**

Particulars	As at 31 March 2021	As at 31 March 2020
Loss allowance in the beginning of the year	54.29	31.91
Add: Changes in allowance	21.17	22.38
<b>Loss allowance at the end of the year</b>	<b>75.46</b>	<b>54.29</b>

**64 Capital Management**

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plans. In order to maintain or adjust its capital structure, the Company may adjust the amount of dividends paid, return the capital to shareholders, issue new shares or adjust its short term borrowings. The current capital structure of the Company is equity based backed with borrowings.

**Reconciliation of Loss Allowance**

Particulars	As at 31 March 2021	As at 31 March 2020
Long Term Borrowings (incl Current Maturities)*	2,920.39	2,882.92
Short Term Borrowings	7,505.05	7,060.63
<b>Total Borrowings (A)</b>	<b>10,425.44</b>	<b>9,943.54</b>
As a percentage of total equity	56.79%	60.13%
<b>Total equity (B)</b>	<b>7,931.76</b>	<b>6,594.47</b>
As a percentage of total equity	43.21%	39.87%
<b>Total Capital (A+B)</b>	<b>18,357.20</b>	<b>16,538.02</b>

\* Taken Borrowings at amortised cost



## 65 Recoverability from Subsidiary Companies

The Company has a outstanding recoverability of Rs. 796.49 lakhs and Rs. 148.27 lakhs from it subsidiaries Lifezen Healthcare Private Limited and Balace Clinic LLP. The said subsidiaries have incurred losses and have a negative networth. However the management is confident that with infusion of additional funds, introduction of new brands and renewed marketing, the companies can be revived and the amounts recovered.

## 66 Impact of Covid-19

The Company continues to monitor the possible effects that may result from the pandemic relating to COVID-19. The Company continues to take several business continuity measures with a view to ensure minimal disruption with respect to operations including production and distribution activities. Based on internal and external sources of information, current economic environment and future economic indicators, the Company has assessed the financial impact of the COVID-19 situation on its operations particularly on the carrying amounts of receivables, inventories, property, plant and equipment and intangible assets. However, the Company has not experienced any significant or material difficulties with respect to market demand, collections or liquidity and the management expects no impairment is required for the carrying amount of these assets. However, the impact of the pandemic could be different from those estimated today considering the uncertainties involved. The Company will continue to monitor any material changes to future economic conditions.

As per our report of even date attached  
for **NSVM and Associates**  
Chartered Accountants  
Firm's registration number: 010072S

for and on behalf of the board of directors of  
**Bal Pharma Limited**

**G.C.S Mani**  
Partner  
Membership number: 036508

Place: Bengaluru  
Date: 29th June, 2021

**Shailesh Siroya**  
Managing Director  
DIN: 00048109

Place: Bengaluru  
Date: 29th June, 2021

**V Himesh**  
Whole Time Director  
DIN: 08554422

Place: Bengaluru  
Date: 29th June, 2021

**G Rengarajan**  
Chief Financial Officer

Place : Bengaluru  
Date: 29th June, 2021

**Preeti Singh**  
Company Secretary  
MNo: A51854  
Place : Bengaluru  
Date: 29th June, 2021



To the Members of Bal Pharma Limited

Report on the Audit of the consolidated Financial Statements Opinion

We have audited the accompanying consolidated financial statements of Bal Pharma Limited (hereinafter referred to as the "the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2021, 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 financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the 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 Company as at March 31, 2021, and consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 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.

Key Audit Matters

Key audit matters ('KAM') 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.

Table with 2 columns: Key Audit Matters, How our audit addressed the key audit matter. Row 1: Revenue Recognition, We applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: Assessed the appropriateness of the Company's revenue recognition accounting policies including those relating to discounts and sales return and assessed compliance with the policies in terms of applicable accounting standards. Assessing the journals posted to revenue to identify any unusual items. Performing substantive testing by selecting samples of revenue transactions recorded during the year and for the selected samples, verifying the underlying documents such as sales invoices / contracts and dispatch/shipping documents. Impact on revenue recognition due to impact of COVID-19 including (i) the possibility of constraints to render services/ provide goods; (ii) onerous obligations; (iii) Constraints in delivering goods due to the lockdown and restraint in movement of goods.



### Information Other than the Financial Statements and Auditor's Report Thereon

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

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and in doing so consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### 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 financial statements.

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

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



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

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

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.

#### Other Matters

The consolidated financial statement include the audited financial information of four subsidiaries, whose Financial Statements and financial information reflect total assets (before consolidation adjustments) of Rs. 1,923.90 lakhs as at 31 March 2021, total revenue (before consolidation adjustments) of Rs. 271.84 lakhs for year ended, total net (loss) after tax (before consolidation adjustments) of Rs. (445.49) lakhs for year ended 31 March, 2021 and net cash flow outflows (before consolidation adjustments) of Rs. 4.97 lakhs for the year ended on that date as considered in the consolidated Financial Results, which have been audited by their respective independent auditors. The independent auditors' reports on Financial Statements and financial information of these entities have been furnished to us and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

Our report on the Statement 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.

We further state that the Holding Company is a partner in a joint venture floated outside India. We were informed by the management that no operations have been commenced and hence no books of accounts have been maintained. Further, during the year ended 31 March 2021 the management has decided to terminate the agreement. The Joint venture has therefore not been considered for the purpose of consolidation. (refer note 46)

Our opinion on the consolidated Financial statements 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 statements /financial information certified by the Board of Directors.

#### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

##### I As required by Section 143(3) of the Act, we report that:

- a) We/the other auditors whose reports we have relied upon, 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 Ind AS financial statements;
- b) in our opinion, proper books of account as required by law relating to preparation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Consolidated Statement of 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 books of account;
- d) in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015 as amended;
- e) on the basis of the written representations received from the directors of the Holding as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under section 139 of the Act, of its subsidiary companies, none of the directors of the Group is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiaries and the operating effectiveness of such controls, refer to our separate report in Annexure A, and
- g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries as notes in 'Other Matter' paragraph;
- i) The consolidated Ind AS financial statements has disclosed the impact of pending litigations on its consolidated financial position— Refer Note 41 to the Consolidated Ind AS financial statements.
- ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and



- iii) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Group.
- iv) 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 consolidated financial statements since they do not pertain to the financial year ended 31 March 2021.

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

According to the information & explanations given to us and based on our examination of the records of the Holding Company, the Holding Company has paid / provided for managerial remuneration in accordance with the provisions of section 197 of the Act.

for **NSVM and Associates**  
Chartered Accountants  
Firm's registration number: 010072S

**G.C.S Mani**  
Partner  
Membership number: 036508

Place: Bengaluru  
Date: 29th June, 2021  
UDIN: 21036508AAAADF3782







## **Annexure A to the Independent Auditors' Report**

on the consolidated financial statements of Bal Pharma Limited for the period ended 31 March 2021

### **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 ('the Act')**

(Referred to paragraph 1(f) under 'Report on other regulatory requirements' Section of our report to the members of Bal Pharma Limited of even date)

#### **Opinion**

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of Bal Pharma Limited (hereinafter referred to as "the Holding Company") and such companies which are its subsidiary companies as of that date (Holding Company and its subsidiaries together referred to as "the Group").

In our opinion, to the best of information and according to the explanations given to us based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the Holding Company and its subsidiaries have in all material aspects, an adequate internal financial control system over financial reporting as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

#### **Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

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

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and



- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

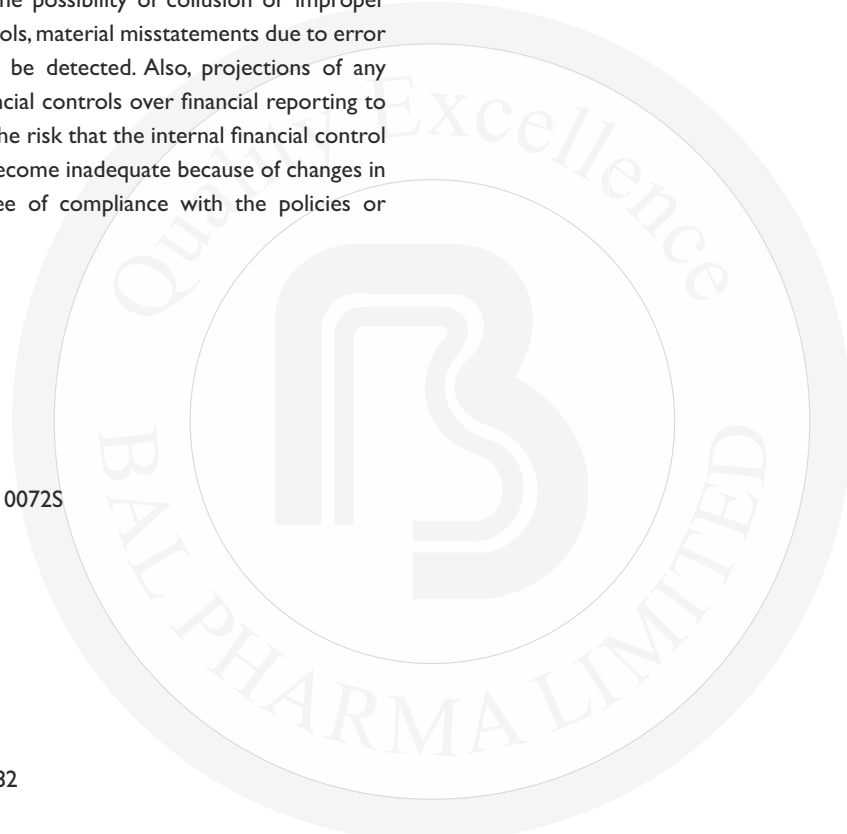
for **NSVM and Associates**  
Chartered Accountants  
Firm's registration number: 010072S

**G.C.S Mani**  
Partner  
Membership number: 036508

Place: Bengaluru  
Date: 29th June, 2021  
UDIN: 21036508AAAADF3782

**Other Matter**

Our report under Section 143(3)(l) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to the subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary, to the extent made available to us.





**BAL PHARMA LIMITED**  
**CIN: L85110KA1987PLC008368**  
**Consolidated Balance Sheet**  
(all amounts in Rs. lakhs unless otherwise stated)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	4	5,750.87	6,044.85
Capital work-in-progress	5	-	332.09
Goodwill	6 A	382.86	382.86
Other Intangible Assets	6 B	724.82	642.83
Financial assets			
- Loans	7	38.34	29.18
- Other financial assets	8	248.89	156.10
Non Current tax assets (Net)	9	14.75	-
Other non-current assets	10	432.78	513.93
		<b>7,593.31</b>	<b>8,101.84</b>
<b>Current assets</b>			
Inventories	11	6,038.53	6,771.13
Financial assets			
- Trade receivable	12	6,719.70	4,960.24
- Loans	13	206.38	220.79
- Cash and cash equivalents	14	102.34	85.87
- Other bank balances	15	282.70	227.31
- Other financial assets	16	180.33	182.00
Current tax assets (Net)	17	1.60	10.79
Other current assets	18	2,883.15	3,278.74
		<b>16,414.73</b>	<b>15,736.87</b>
		<b>24,008.04</b>	<b>23,838.71</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	19	1,482.24	1,417.24
Other equity	20	3,875.90	3,825.38
Non Controlling Interest	21	(22.78)	(709.53)
		<b>5,335.36</b>	<b>4,533.09</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	22	2,393.21	2,314.66
- Other financial liabilities	23	356.43	321.43
Provisions	24	406.54	361.98
Deferred tax liabilities (Net)	25	263.21	358.39
		<b>3,419.39</b>	<b>3,356.46</b>



**BAL PHARMA LIMITED**  
**CIN: L85110KA1987PLC008368**  
**Consolidated Balance Sheet**

(all amounts in Rs. lakhs unless otherwise stated)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	26	8,081.90	8,962.63
- Trade payables			
Due to Micro, Small and Medium Enterprises			
Due to Other than Micro, small and Medium Enterprises	27	4,716.65	3,867.41
- Other financial liabilities	28	1,442.55	1,540.22
Other current liabilities	29	914.32	1,529.03
Provisions	30	65.61	49.87
Current tax liabilities (Net)	31	32.26	-
		<b>15,253.29</b>	<b>15,949.16</b>
		<b>24,008.04</b>	<b>23,838.71</b>

As per our report of even date attached  
for **NSVM and Associates**  
Chartered Accountants  
Firm's registration number: 010072S

for and on behalf of the board of directors of  
**Bal Pharma Limited**

**G.C.S Mani**  
Partner  
Membership number: 036508

Place: Bengaluru  
Date: 29th June, 2021

**Shailesh Siroya**  
Managing Director  
DIN: 00048109

Place: Bengaluru  
Date: 29th June, 2021

**V Himesh**  
Whole Time Director  
DIN:08554422

Place: Bengaluru  
Date: 29th June, 2021

**G Rengarajan**  
Chief Financial Officer

Place : Bengaluru  
Date: 29th June, 2021

**Preeti Singh**  
Company Secretary  
MNo:A51854  
Place : Bengaluru  
Date: 29th June, 2021



**BAL PHARMA LIMITED**  
**CIN: L85110KA1987PLC008368**  
**Consolidated Statement of Profit and Loss**  
(all amounts in Rs. lakhs unless otherwise stated)

Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Income</b>			
Revenue from operations	32	25,052.86	17,109.43
Other income	33	113.84	185.32
<b>Total Income</b>		<b>25,166.70</b>	<b>17,294.75</b>
<b>Expenses</b>			
Cost of materials consumed	34	13,546.86	7,268.63
Purchase of traded goods	35	1,043.01	854.36
(Increase)/decrease in inventories of finished goods and work-in-progress	36	504.88	338.34
Employee Benefit expense	37	4,187.61	5,044.21
Finance costs	38	1,197.42	1,258.70
Depreciation and amortisation	39	952.13	767.77
Other expenses	40	3,324.52	3,115.68
<b>Total expenses</b>		<b>24,756.43</b>	<b>18,647.69</b>
Profit before exceptional items and tax		410.27	(1,352.94)
<b>Profit before tax</b>		<b>410.27</b>	<b>(1,352.94)</b>
Less: Tax expense:			
Current tax	53	37.87	-
Tax adjustments relating to previous year	53	-	(14.86)
Deferred tax charge/ (credit)	53	(98.82)	(48.90)
<b>Tax expenses</b>		<b>(60.95)</b>	<b>(63.76)</b>
<b>Profit / (Loss) for the year</b>		<b>471.22</b>	<b>(1,289.18)</b>
Profit / (Loss) attributable to :			
Equity holders of the parent company		474.24	(1,221.83)
Non controlling interest		(3.02)	(67.35)



**BAL PHARMA LIMITED**  
**CIN: L85110KA1987PLC008368**  
**Standalone Statement of Profit and Loss**  
(all amounts in Rs. lakhs unless otherwise stated)

Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Other Comprehensive Income (OCI)</b>			
A (i) Items that will not be reclassified to statement of profit or loss			
Remeasurements of post-employment benefit obligations		13.84	(39.71)
(ii) Income tax relating to items that will not be reclassified to statement profit or loss		(3.63)	10.69
<b>Total other comprehensive income</b>		10.21	(29.02)
<b>Total Comprehensive Income for the year</b>		<b>481.43</b>	<b>(1,318.20)</b>
Profit / (Loss) attributable to :			
Equity holders of the parent company		483.75	(1,251.54)
Non controlling interest		(2.32)	(66.66)
<b>Earning per share (face value per equity share Rs. 10)</b>			
- Basic	47	3.34	(8.62)
- Diluted		3.34	(8.62)

As per our report of even date attached  
for **NSVM and Associates**  
Chartered Accountants  
Firm's registration number: 010072S

for and on behalf of the board of directors of  
**Bal Pharma Limited**

**G.C.S Mani**  
Partner  
Membership number: 036508

Place: Bengaluru  
Date: 29th June, 2021

**Shailesh Siroya**  
Managing Director  
DIN: 00048109

Place: Bengaluru  
Date: 29th June, 2021

**V Himesh**  
Whole Time Director  
DIN:08554422

Place: Bengaluru  
Date: 29th June, 2021

**G Rengarajan**  
Chief Financial Officer

Place : Bengaluru  
Date: 29th June, 2021

**Preeti Singh**  
Company Secretary  
MNo:A51854  
Place : Bengaluru  
Date: 29th June, 2021



**BAL PHARMA LIMITED**  
**CIN: L85110KA1987PLC008368**  
**Consolidated Statement of Cash Flows**  
(all amounts in Rs. lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Cash flow from operating activities:</b>		
<b>Profit / (Loss) before tax</b>	410.27	(1,352.93)
<b>Adjustment for :</b>		
- Interest income	(27.40)	(38.70)
- (Gain)/Loss on sale of Property, Plant and Equipment	(2.10)	(5.25)
- Balances written off as no more payable	(58.27)	(46.62)
- Unrealised Foreign (Gain)/Loss	43.80	3.83
- Finance cost (including effect of amortisation of processing fees)	1,197.42	1,245.25
- Interest on Income Tax	-	4.79
- Rental Expense(IND AS 116)	(90.15)	(86.13)
- Balances written off as no more receivable	77.72	31.95
- Depreciation and amortisation	952.13	22.38
- Expected Credit Losses	21.17	767.76
- Impairment on Investments	-	1.50
<b>Operating cash flow before working capital changes</b>	<b>2,524.58</b>	<b>547.85</b>
Changes in		
- Decrease/(Increase) in Inventories	732.61	203.98
- Decrease/(Increase) in Trade receivables	(1,850.00)	1,346.75
- Decrease/(Increase) in Loans (Current and Non current)	(9.16)	38.46
- Decrease/(Increase) in Financial Assets (Current and Non current)	14.42	(2.59)
- Decrease/(Increase) in Other Assets (Current and Non current)	398.80	458.84
- Increase/ (Decrease) in Trade payables	898.05	(875.22)
- Increase/ (Decrease) in Other Financial liabilities (Current and Non current)	75.95	455.88
- Increase/ (Decrease) in Other liabilities (Current and Non current)	(614.71)	116.13
- Increase/ (Decrease) in Other Bank Balances	(55.39)	(38.56)
- Increase/ (Decrease) in Provisions	74.14	90.04
<b>Cash (used in)/ generated from operations</b>	<b>2,189.29</b>	<b>2,341.55</b>
Income taxes (paid)/ refund	(11.17)	(17.21)
<b>Net cash generated (used in) operating activities</b>	<b>2,178.12</b>	<b>2,324.34</b>
<b>Cash flow from investing activities:</b>		
Purchase of Property,Plant & Equipment including intangible assets and capital work-in-progress	(341.35)	(506.32)
Unrealised Foreign (Gain) / Loss	2.81	-
Acquisition of Subsidiaries	(97.91)	-
Proceeds from sale of fixed assets	2.10	1.84
Decrease/ (increase) in fixed deposits	(91.11)	-
Interest received	27.40	33.96
<b>Net cash generated/ (used in) investing activities</b>	<b>(498.05)</b>	<b>(470.52)</b>



**BAL PHARMA LIMITED**  
**CIN: L85110KA1987PLC008368**  
**Consolidated Statement of Cash Flows**  
(all amounts in Rs. lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Cash flow from financing activities:</b>		
(Repayment) of long term borrowings	(366.37)	(879.67)
Proceeds from long term borrowings	400.00	-
Proceeds from / (repayment) of short term borrowings	(925.88)	254.79
Dividend Paid including unpaid dividends of preceding years	-	(141.72)
Payment of Dividend Distribution Tax	(29.13)	-
Money received on issue of Equity shares	325.00	-
Money received against Share Warrants	93.75	-
Interest Paid (Gross)	(1,160.60)	(1,230.72)
<b>Net cash arising/ (used in) from financing activities</b>	<b>(1,663.24)</b>	<b>(1,997.32)</b>
Net (decrease)/ increase in cash and cash equivalents	16.83	(143.50)
Cash and cash equivalents at the beginning of the year	85.87	243.60
Effect of exchange differences on cash and cash equivalents	(0.36)	(14.23)
<b>Cash and cash equivalents at the end of the year</b>	<b>102.34</b>	<b>85.87</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash on hand	19.64	27.66
Balances with banks		
- in current accounts	80.69	31.98
- in deposits with original maturity of less than 3 months	2.01	26.22
	<b>102.34</b>	<b>85.87</b>

Significant accounting policies 3

The notes referred to above form an integral part of these consolidated financial statements

As per our report of even date attached  
for **NSVM and Associates**  
Chartered Accountants  
Firm's registration number: 010072S

**G.C.S Mani**  
Partner  
Membership number: 036508

Place: Bengaluru  
Date: 29th June, 2021

for and on behalf of the board of directors of  
**Bal Pharma Limited**

**Shailesh Siroya**  
Managing Director  
DIN: 00048109

Place: Bengaluru  
Date: 29th June, 2021

**V Himesh**  
Whole Time Director  
DIN:08554422

Place: Bengaluru  
Date: 29th June, 2021

**G Rengarajan**  
Chief Financial Officer

Place : Bengaluru  
Date: 29th June, 2021

**Preeti Singh**  
Company Secretary  
MNo:A51854  
Place : Bengaluru  
Date: 29th June, 2021





**BAL PHARMA LIMITED**  
**CIN: L85110KA1987PLC008368**  
**Consolidated Statement of changes in equity**  
 (all amounts in Rs. lakhs unless otherwise stated)

**A. Equity share Capital**

Particulars	31 March 2020	31 March 2021
Equity shares of Rs 10 each issued, subscribed and fully paid	141.72	141.72
Balance as at 1 April 2019	-	-
Add: Issue of shares	141.72	141.72
Balance as at 31 March 2020	141.72	141.72
Balance as at 1 April 2020	6.50	6.50
Add: Issue of shares	141.72	141.72
Balance as at 31 March 2021	148.22	148.22

**B. Other Equity**

	Reserves & Surplus				OCI	Non Controlling Interest	Total Other Equity
	Securities premium	General Reserve	Capital Reserve	Retained earnings			
Balance as at 1 April 2019	2,407.66	245.15	44.06	2,651.30	(101.10)	(642.18)	4,604.90
Changes in equity share capital during the year	-	-	-	-	-	-	-
Premium on issue of equity shares	-	-	-	-	-	-	-
Profit for the year	-	-	-	(1,221.83)	-	(67.35)	(1,289.18)
Appropriations for dividend and tax on same	-	-	-	(170.85)	-	-	(170.85)
Other Comprehensive income	-	-	-	-	(29.02)	-	(29.02)
<b>Balance as at 31 March 2020</b>	<b>2,407.66</b>	<b>245.15</b>	<b>44.06</b>	<b>1,258.63</b>	<b>(130.12)</b>	<b>(709.53)</b>	<b>3,115.85</b>
Balance as at 1 April 2020	2,407.66	245.15	44.06	1,258.63	(130.12)	(709.53)	3,115.85
Profit for the year	-	-	-	474.24	-	(3.02)	471.22
Appropriations for dividend and tax on same	-	-	-	-	-	-	-
Issue of shares during the year	260.00	-	-	-	-	-	260.00
Issue of share warrants during the year	-	-	-	-	-	-	-
Other Comprehensive income	-	-	-	-	10.21	-	93.75
Acquisition of NCI without change in control (refer note 42)	-	-	-	(787.68)	-	689.77	(97.91)
<b>Balance as at 31 March 2021</b>	<b>2,667.66</b>	<b>245.15</b>	<b>44.06</b>	<b>945.19</b>	<b>(119.91)</b>	<b>(22.78)</b>	<b>3,853.12</b>

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

for and on behalf of the board of directors of  
**Bal Pharma Limited**

for **NSVM and Associates**  
 Chartered Accountants  
 Firm's registration number: 010072S

**G.C.S Mani**  
 Partner  
 Membership number: 036508  
 Place: Bengaluru  
 Date: 29th June, 2021

**Shailesh Siroya**  
 Managing Director  
 DIN: 00048109  
 Place: Bengaluru  
 Date: 29th June, 2021

**G Rengarajan**  
 Chief Financial Officer  
 Place : Bengaluru  
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 Place: Bengaluru  
 Date: 29th June, 2021

**Preeti Singh**  
 Company Secretary  
 MNo: A51854  
 Place : Bengaluru  
 Date: 29th June, 2021



## BAL PHARMA LIMITED

CIN: L85110KA1987PLC008368

### Notes to consolidated financial statements

#### 1. Overview of the Group

The consolidated financial statements comprise financial statements of Bal Pharma Limited ('the Parent Group' or 'Holding Group' or 'the Group') together with its subsidiaries (collectively termed as 'the Group' or 'the Consolidated Entities') for the year ended March 31, 2021. Bal Pharma Limited is a public Group domiciled in India and was incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The Group is primarily engaged in the manufacturing and selling of pharmaceutical products and related services. The Group caters to both domestic and international markets.

#### 2 Basis for preparation of Consolidated Financial Statements

##### 2.01 Statement of compliance

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

The financial statements were authorised for issue by the Holding Group's Board of Directors on 29th June, 2021

##### 2.02 Historical Cost Convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- employee defined benefit assets / liability recognised as the net total of the fair value of plan assets, and actuarial losses/gains, and the present value of defined benefit obligation

The consolidated financial statements are presented in Lakhs unless otherwise stated

#### 2.03 Principles for consolidation

The Consolidated Financial Statements relate to Bal Pharma Limited and its subsidiaries.

Subsidiaries are all entities over which Bal Pharma Limited exercises control. The Holding Group exercises control if and only if it has the following:

- Power over the entity
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of its returns.

The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-Group balances and intra-group transactions and resulting unrealised profits. Unrealised losses resulting from intra-group transactions are eliminated unless cost cannot be recovered.
- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.
- The Financial Statements of the subsidiaries used for the purpose of consolidation are drawn up to the same reporting date as of the Group.
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstance and are presented to the extent possible, in the same manner, as the Group's Financial Statements.

## Group Information

The Consolidated Financial Statements have been prepared on the basis of the financial statements of the following subsidiaries:

Sl No.	Name of the Entity	Country of Incorporation	% of interest	
			As at 31 March 2021	As at 31 March 2020
1	Lifezen Healthcare Private Limited	India	99.46	51.00
2	Balance Clinic LLP	India	80.00	80.00
3	Bal Research Foundation	India	80.00	80.00
4	Golden Drugs Private Limited	India	100.00	100.00
5	ABVet Pharma Pty. Limited	Australia	50.00	50.00

The Holding Group is a partner in Joint Venture “AB Vet Pharma Pty. Limited” as stated above. As on 31 March 2021, no operations have been commenced and the management has agreed to terminate the agreement and therefore not been considered for the purpose of consolidation.

### 2.04 Functional and presentation currency

These financial statements are presented in Indian Rupees, which is also the Group’s functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise stated.

### 2.05 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial assets and financial liabilities that are measured at fair value (refer accounting policies regarding financial instrument).

### 2.06 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual result could differ from these estimates. Any revision to accounting estimates is recognized prospectively.

The estimates and underlying assumptions are reviewed by management at each reporting date. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision or future periods if the revision affects both current and future periods.

### Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

### Judgments

Information about judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3.01 : whether the Group acts as an agent rather than as a principal in a transaction.
- Note 41 - contingent liabilities : measurement and likelihood of occurrence of provisions and contingencies
- Note 50 - leases : whether an arrangement contains a lease; lease classification

### Assumptions and estimations

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2021 or subsequent year/ years is included in the following notes:

- Note 3.02: Useful lives of various of Property, Plant and Equipment
- Note 59: Fair Value of Financial Instruments
- Note 58: Accounting for Defined Benefit Plan - measurement of defined benefit obligation - key actuarial assumptions.
- Note 3.05: Expected Credit Losses associated with its assets carried at amortized cost
- Note 62: Estimation of uncertainties relating to the global health pandemic from COVID-19

### 2.07 Current vs Non-Current Classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle



- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

**A liability is current when:**

- It is expected to be settled in normal operating cycle
  - It is held primarily for the purpose of trading
  - It is due to be settled within twelve months after the reporting period, or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- The Group classifies all other liabilities as non-current.

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

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

**2.08 Measurement of fair values**

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The management regularly reviews significant unobservable inputs and valuation adjustments.

**Measurement of fair values**

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

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

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

- Financial Instruments - Refer Note 59

**3. Significant Accounting Policies**

**3.01 Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Effective April 1, 2018, the Group has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue.

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

**Sale of Goods:**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, since it is the primary obligor in all of its revenue arrangement, as it has pricing latitude and is exposed to inventory and credit risks. Revenue is stated net of goods and service tax and net of returns, chargebacks, rebates and other similar allowances. These are calculated on the basis of historical experience and the specific terms in the individual contracts. In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The Group estimates variable consideration at contract inception until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Other Operating revenue is recognised on accrual basis.

**Export Incentives:**

Export entitlements under the Duty Drawback ('DBK'), Focus Marketing incentive scheme (FMS), Focus product scheme (FPS), Market Linked Product Scheme (MLPS), Incremental Exports incentive scheme, Merchandise Export India Scheme and Service tax rebate scheme (STR) are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. As the Group derives a substantial portion of its revenue from export of goods, such incentives is recognised as "Other Operating Income"



**Rendering of Services:**

Revenue from services rendered is recognised in the profit or loss as the underlying services are performed and is recognised net of service tax and goods and service tax (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:**

Interest income from a financial asset is recognized 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 principle 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.

**Dividend Income**

Dividend income from investments is recognized when the 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.

**3.02 Property, Plant & Equipment, Intangible Assets and Work-in-Progress**

**Recognition and Measurement**

All items of property, plant and equipment, including freehold land, are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria is met. Freehold land has an unlimited useful life and therefore is not depreciated.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in note below.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

**Subsequent Measurement**

Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

**Disposal/Write-off**

An item of property, plant and equipment is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

**Capital Work-in-Progress**

Capital work-in-progress includes cost of property, plant and equipment that are not ready for their intended use. Capital work-in-progress included property, plant and equipment are not depreciated as these assets are not yet available for use.

**Transition to IndAS**

For transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognized as of April 01, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**Depreciation**

Depreciable amount for assets in the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on the property, plant and equipment is provided on straight line method, over the useful life of the assets, as specified in schedule II to the companies Act, 2013 and is recognised in in the statement of profit and loss.

Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis. Building constructed on leasehold land is depreciated based on the useful life specified in schedule II to the companies Act, 2013 where the lease period of the land is beyond the life of the building. In other cases, building constructed on leasehold lands are amortised over the primary lease period of the lands.



Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### 3.03 Intangible Asset

#### Recognition and Measurement

The items of intangible assets, with finite life, are measured at cost less accumulated amortisation and impairment losses, if any. Cost of an item of intangible assets comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any cost directly attributable to bringing the asset to its working condition for its intended use.

#### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

#### Research and Development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised as an expense when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. An internally-generated intangible asset arising from development is recognised if following have been demonstrated by the Group.

- development costs can be measured reliably;
- the product or process is technically and commercially feasible
- future economic benefits are probable; and
- the Group intends to and has sufficient resources to complete development and to use or sell the asset.

As such, expenditure on projects which have become unsuccessful are charged off as an expense in the year in which they are abandoned. Capital expenditure incurred on research and development is capitalized as Property, Plant and Equipment and depreciated in accordance with the depreciation policy of the Group.

#### Disposal/Write-off

An intangible asset is derecognized 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 recognized in profit or loss when the asset is derecognized.

#### Transition to IndAS

On transition to Ind AS, the Group has elected to continue with the carrying values as at 1 April 2016 under previous GAAP of all its intangible assets recognised as at 1 April 2016, measured as per previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

#### Amortisation

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss. The estimated useful life of intangibles are as follows:

Asset	Management estimate of useful life (years)
Computer software	5
Research and Development	10

The estimated useful life and amortization 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.

### 3.04 Inventories:

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

#### Raw materials and accessories:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

#### Finished goods and work in progress:

Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.

#### Trading Goods:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.



### 3.05 Impairment

#### i. Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 180 days or more past due.

#### A. Measurement of expected credit losses

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

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed."

#### B. Presentation of allowance for expected credit losses in the balance sheet

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

#### C. Write-off

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

#### ii. Impairment of non-financial assets

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

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

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



The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

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

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

### 3.06 Financial Instruments

#### i. Recognition and initial measurement

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

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

#### ii. Classification and subsequent measurement

##### A. Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost
- Fair value through other comprehensive income (FVOCI) - debt investment;
- Fair value through other comprehensive income (FVOCI) - equity investment; or
- Fair value through profit & loss- (FVTPL)

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

##### B. Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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





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

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows

such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

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

**D. Financial assets: Subsequent measurement and gains and losses**

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

**D.1 Financial assets: Subsequent measurement and gains and losses**

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.



#### **E. Financial liabilities: Classification, subsequent measurement and gains and losses**

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

##### **iii Derecognition**

###### **A. Financial assets**

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

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

###### **B. Financial liabilities**

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

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

##### **iv. Offsetting**

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

#### **3.07 Foreign Currency Transactions:**

##### **Initial recognition:**

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction."

"Measurement of foreign currency monetary items at the Balance Sheet date:

Foreign currency monetary items (other than derivative contracts) of the Group and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates."

"Treatment of exchange differences:

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Group are recognized as income or expense in the Statement of Profit and Loss."

#### **3.08 Employee Benefits**

##### **a) Short Term Employee Benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. Benefits such as salaries, short term compensated absences etc., and the expected cost of bonus is recognized in the period in which the employee renders the related services. A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for the related service

##### **b) Post-Employment Benefits**

The Group participates in various employee benefit plans. Pensions and other post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks are borne by the employee. The expenditure for defined contribution plans is recognised as an expense during the period when the employee provides service. Under a defined benefit plan, it is the Group's obligation to provide agreed benefits to the employees. The related actuarial and investment risks are borne by the Group. The present value of the defined benefit obligations is calculated by an independent actuary using the projected unit credit method.

##### **Defined contribution plans**

Employees receive benefits from a provident fund and employee state insurance funds. The employer and employees each make periodic contributions to the plan as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses in the Statement of Profit and Loss as they fall due based on the amount of contribution required to be made.



### Defined Benefit plans

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Group. Group's liability towards Gratuity are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period of occurrence.

### Other Long Term Benefit plan

Actuarial Valuation for compensated absences is done as at the year end and the provision is made as per Group policy with corresponding (gain)/charge to the statement of profit and loss and it covers all regular employees. Obligation in respect of earned leave policy are actuarially determined as at the year end using the 'Projected Unit Credit' method.

### 3.09 Borrowing Cost

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use or sale.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

### 3.10 Leases

The Group assesses whether a contract contains a lease, at inception of a contract. 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 of consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether

- a. the Contract involves the use of an identified asset
- b. the Group has substantially all of the economic benefits from use of the asset through the period of lease
- c. the Group has the right to direct the use of asset

The Group determines the lease term as the noncancellable period of a lease, together with both periods covered by an option to extend the lease if the

Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics

### Leases as Lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. When ever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. 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

### Leases as Lessee

As at the date of commencement of the lease, the Group recognises a right of use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for the leases with a term of twelve month or less (short term leases) and low value leases. For these short term leases, the Group recognises the lease payments as an operating expense on a straight line basis over the period of lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised. ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease and related prepaid amount plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses

ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the y



underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

"The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the market. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

The Right-of-Use asset has been disclosed within the same line item as that within which the corresponding underlying asset would be presented. Where the Right-of-Use asset meets the definition of Investment Property such items has been presented in Balance sheet as Investment Property. Lease liability have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows"

### 3.1.1 Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### 3.1.2 Income Tax

#### a. Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the 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.

#### b. Minimum Alternate Tax ('MAT')

Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

#### c. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and 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 utilized. Such deferred tax assets and liabilities not recognised if the temporary differences 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.

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 interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences 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 is realized, 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.

### **3.13 Provisions and Contingencies**

#### **a. 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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

#### **b. Contingent Liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

### **3.14 Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### **3.15 Statement of cash flows**

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

### **3.16 Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

### **3.17 GST input credit**

GST input credit is accounted in the books in the period in which the underlying service as well as invoice is received and when there is no uncertainty in availing / utilizing the credits.



**BAL PHARMA LIMITED**  
**CIN: L85110KA1987PLC008368**

**Notes to the consolidated financial statements (continued)**

(all amounts in Rs. lakhs unless otherwise stated)

**4. Property, Plant and Equipment**

	Building (Right-Of-Use assets)	Free holdland	Lease holdland	Building	Plant and machinery	Furniture and fixtures	Office equipment	Motor vehicles	Total
<b>Gross Block (Deemed Cost)</b>									
Balance as at 01 April 2019	-	667.91	123.12	2,042.13	4,205.89	104.52	156.70	186.14	7,486.41
Additions	269.72	-	-	35.55	250.24	3.65	25.00	10.45	594.61
Disposals	-	-	-	-	(5.25)	-	-	-	(5.25)
<b>Balance as at 31 March 2020</b>	<b>269.72</b>	<b>667.91</b>	<b>123.12</b>	<b>2,077.68</b>	<b>4,450.88</b>	<b>108.17</b>	<b>181.70</b>	<b>196.59</b>	<b>8,075.77</b>
Balance as at 01 April 2020	269.72	667.91	123.12	2,077.68	4,450.88	108.17	181.70	196.59	8,075.77
Additions	75.58	-	-	10.20	431.62	2.29	9.23	10.42	539.33
Disposals	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	345.31	667.91	123.12	2,087.88	4,882.49	110.46	190.93	207.01	8,615.11
<b>Accumulated Depreciation</b>									
Balance as at 01 April 2019	-	-	5.87	272.98	930.86	39.62	64.20	88.27	1,401.80
Additions	79.71	-	5.57	95.79	374.01	16.29	27.72	35.27	634.37
Disposals	-	-	-	-	(5.25)	-	-	-	(5.25)
<b>Balance as at 31 March 2020</b>	<b>79.71</b>	-	<b>11.44</b>	<b>368.77</b>	<b>1,299.62</b>	<b>55.92</b>	<b>91.93</b>	<b>123.54</b>	<b>2,030.92</b>
Balance as at 01 April 2020	79.71	-	11.44	368.77	1,299.62	55.92	91.93	123.54	2,030.92
Additions	83.00	-	1.37	93.29	562.89	9.01	78.58	5.18	833.32
Disposals	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	162.72	-	12.81	462.06	1,862.51	64.93	170.50	128.72	2,864.24
Carry Amount (Net)									
<b>Balance as at 31 March 2020</b>	<b>190.01</b>	<b>667.91</b>	<b>111.68</b>	<b>1,708.91</b>	<b>3,151.26</b>	<b>52.25</b>	<b>89.77</b>	<b>73.05</b>	<b>6,044.85</b>
<b>Balance as at 31 March 2021</b>	<b>182.59</b>	<b>667.91</b>	<b>110.31</b>	<b>1,625.82</b>	<b>3,019.98</b>	<b>45.52</b>	<b>20.42</b>	<b>78.29</b>	<b>5,750.87</b>

\* The assets are owned by the Company except as stated otherwise

**BAL PHARMA LIMITED**
**CIN: L85110KA1987PLC008368**
**Notes to the consolidated financial statements (continued)**

(all amounts in Rs. lakhs unless otherwise stated)

**5. Capital work-in-progress**

Particulars	As at 31 March 2021	As at 31 March 2020
Capital work-in-progress	-	10.58
	-	<b>10.58</b>

**6A. Goodwill**

Particulars	As at 31 March 2021	As at 31 March 2020
Opening Balance	382.86	382.86
Acquisition through business combination	-	-
Disposals / adjustments	-	-
	<b>382.86</b>	<b>382.86</b>

**6B. Intangible Assets**

Particulars	Computer software	Research & Development Expenses	Total Intangible assets
<b>Gross Block (Deemed Cost)</b>			
Balance as at 01 April 2019	20.10	1,086.31	1,106.41
Additions	1.05	203.98	205.03
Disposals	-	-	-
Balance as at 31 March 2020	21.15	1,290.29	1,311.44
Balance as at 01 April 2020	21.15	1,290.29	1,311.44
Additions	0.68	200.14	200.82
Disposals	-	-	-
Balance as at 31 March 2021	21.83	1,490.43	1,512.26
<b>Accumulated Depreciation</b>			
Balance as at 01 April 2019	7.85	527.38	535.23
Additions	4.27	129.13	133.40
Disposals	-	-	-
Balance as at 31 March 2020	12.12	656.51	668.63
Balance as at 01 April 2020	12.12	656.51	668.63
Additions	3.80	115.01	118.81
Disposals	-	-	-
Balance as at 31 March 2021	15.92	771.52	787.44
<b>Carry Amount (Net)</b>			
Balance as at 31 March 2020	9.03	633.78	642.81
Balance as at 31 March 2021	5.91	718.91	724.82

**Non-Current financial assets****Financial Assets****7. Loans**

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposit	38.34	29.18
<b>From above :</b>		
Secured, considered good	-	-
Unsecured, considered good	38.34	29.18
Doubtful	-	-
	<b>38.34</b>	<b>29.18</b>

**8. Other financial assets**

Particulars	As at 31 March 2021	As at 31 March 2020
Bank Deposits (original maturity of more than 12 months)*	238.59	145.80
<b>Others</b>		
Interest accrued but not received - Fixed Deposits	10.30	10.30
	<b>248.89</b>	<b>156.10</b>

**9. Non current tax assets (Net)**

Particulars	As at 31 March 2021	As at 31 March 2020
Advance Tax (net of provision)	14.75	-
	<b>14.75</b>	<b>-</b>

**Non-financial assets****10. Other non-current assets**

Particulars	As at 31 March 2021	As at 31 March 2020
Capital Advances *	377.91	455.85
Other than Capital Advances:		
Balances with Statutory/Government Authorities	54.87	58.08
	<b>432.78</b>	<b>513.93</b>

\* Refer note 6I for transactions with related party

**Current assets****11. Inventories (valued at lower of cost and net realisable value)**

Particulars	As at 31 March 2021	As at 31 March 2020
Raw materials	2,271.96	2,496.28
Packing material	416.18	410.88
Work-in progress	1,204.08	648.23
Finished goods	2,142.33	3,203.06
Stores and spares and Fuel	3.98	12.68
	<b>6,038.53</b>	<b>6,771.13</b>



## Current financial assets

### 12. Trade receivables

Particulars	As at 31 March 2021	As at 31 March 2020
Trade Receivables considered good - secured		
Trade Receivables considered good - unsecured *	6,719.70	82.13
Trade Receivables considered good - increased credit risk	75.46	4,932.40
Trade Receivables - credit risk	-	
	<b>6,795.16</b>	<b>5,014.53</b>
Loss Allowance	(75.46)	(54.29)
	<b>6,719.70</b>	<b>4,960.24</b>

Debts due by firms or private companies in which any director is a partner or a director or a member is Nil (31 March 2020: Nil)

\* Refer note 61 for transactions with related party

### 13. Loans

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Unsecured-Considered good</b>		
Loan receivables considered good - secured	-	-
Loan receivables considered good - unsecured	-	-
- Security deposit	140.85	191.68
- Loans/advances to employees	65.53	29.11
Loan receivables which have significant increase in credit risk	-	-
Loan receivables - credit impaired	-	-
	<b>206.38</b>	<b>220.79</b>

Debts due by firms or private companies in which any director is a partner or a director or a member is Nil (31 March 2020: Nil)

\* Refer note 61 for transactions with related party

### 14. Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	19.64	27.67
Balance with bank		
On current Account	80.69	31.98
Deposits with original maturity of less than 3 months	2.01	26.22
	<b>102.34</b>	<b>85.87</b>

### 15. Other Bank balances

Particulars	As at 31 March 2021	As at 31 March 2020
Bank Deposits (maturity between 3 months to 12 months)	264.20	210.61
Balance earmarked for Unclaimed Dividends	18.50	16.70
	<b>282.70</b>	<b>227.31</b>

**16. Other financial assets**

Particulars	As at 31 March 2021	As at 31 March 2020
Bank Deposits (original maturity of more than 12 months) Unsecured, considered good	30.55	54.18
Other receivables	49.17	5.26
Earnest Money	100.61	122.56
	<b>180.33</b>	<b>182.00</b>

**17. Current tax assets (Net)**

Particulars	As at 31 March 2021	As at 31 March 2020
Advance Tax (net of provision)	1.60	10.79
	<b>1.60</b>	<b>10.79</b>

**Non-financial assets****18. Other Current Assets**

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with statutory/government authorities	1,471.44	725.30
Export Incentives Receivable	429.92	353.45
Advances recoverable in Cash or Kind		
- from related parties (refer note 61)	0.98	0.98
- others	0.06	-
Advance to suppliers	941.37	2,145.29
Prepayments	8.02	32.89
Other current assets		
- from others	31.36	20.83
	<b>2,883.15</b>	<b>3,278.74</b>

**19. Equity**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Authorised Share capital</b>		
31 March 2021 : 2,00,00,000 equity shares of Rs.10 each	2,000.00	2,000.00
31 March 2020 : 2,00,00,000 equity shares of Rs.10 each		
<b>Issued, subscribed and paid-up share capital</b>		
31 March 2021: 1,48,23,720 equity shares of Rs.10 each	1,482.24	1,417.24
31 March 2020: 1,41,72,372 equity shares of Rs.10 each		
	<b>1,482.24</b>	<b>1,417.24</b>

**a) Reconciliation of the shares outstanding at the beginning and at the end of the period**

Particulars	As at 31 March 2021	As at 31 March 2020
Opening Balance (Number of shares in Lakhs)	141.72	141.72
Add : Shares Issued during the year (in Lakhs)	6.50	-
<b>Closing Balance</b>	<b>148.22</b>	<b>141.72</b>

**b. Rights, preferences and restrictions attached to equity shares:**

- (i) The Holding Company has only one class of shares referred to as equity shares having par value of Rs 10 each.
- (ii) Each holder of the equity share, as reflected in the records of the Holding Company as of the date of the shareholders' meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders' meeting.
- (iii) The Holding Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing General Meeting.
- (iv) In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Holding Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- (v) Each Share holder has a right to inspect the statutory registers of the Holding Company as per the provisions of the companies act, 2013.
- (vi) Each and every share holder has a right to participate in the share holders's meetings as and when called by the Holding Company subject to provisions of the Companies Act, 2013.

**c. Equity shareholders holding more than 5 percent shares in the Holding Company :**

Name of the shareholder	As at 31 March 2021		As at 31 March 2020	
	No. of shares (in Lakhs)	%	No. of shares (in Lakhs)	%
Shailesh Siroya	19.95	13.46%	13.45	9.49%
Micro Labs Limited	13.11	8.84%	13.11	9.25%
Anita Siroya	10.49	7.08%	10.49	7.40%
	<b>43.55</b>		<b>37.05</b>	

- (d) Shares reserved for issue under options & contracts/commitments for sale of shares /disinvestment, including the terms & amounts - NIL
- (e) For period of 5 years immediately preceding the balance sheet date.
  - Alloted as fully paid up by way of bonus shares NIL
  - Bought back NIL
  - For consideration other than cash- NIL
- (f) Securities convertible into equity /preference shares issued - NIL
- (g) No Calls Unpaid
- (h) Issue of securities made for a specific purpose at the balance sheet date - NIL

**20. Other Equity**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Retained Earnings</b>		
Balance as at beginning of the reporting period	1,258.63	2,651.30
Add: net profit/(loss) for the period	474.24	(1,221.82)
Less: dividend payable	-	(141.72)
Less: provision for Dividend Distribution Tax	-	(29.13)
Less: acquisition of NCI without change in control (refer note 42)	(787.68)	-
	<b>945.19</b>	<b>1,258.63</b>
<b>(ii) Other Reserves*</b>		
Securities premium	2,667.66	2,407.66
General reserve	245.15	245.15
Capital Reserve	44.06	44.06
	<b>2,956.87</b>	<b>2,696.87</b>
<b>(iii) Other comprehensive income</b>		
Others (actuarial gain/ (Loss))	(130.12)	(101.10)
Add: Net gain/(loss) for the period	10.21	(29.02)
	<b>(119.91)</b>	<b>(130.12)</b>
<b>(iv) Money received against Share warrants</b>	93.75	-
	<b>3,875.90</b>	<b>3,825.38</b>

\*Refer Statement of changes in equity for detailed movement in other equity balances.

**Nature and purpose of reserves****Retained Earnings:**

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distribution to share holders.

**Securities premium:**

The amount received in excess of face value of the equity shares is recognised in securities premium. This reserve will be utilised in accordance with provisions of Section 52 of the Companies Act, 2013.

**General reserve:**

The Holding Company has transferred a portion of its net profit before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013

**Other Comprehensive Income (OCI):****Re-measurement of defined employee benefit plans**

Difference between the interest income on plan assets and the return actually achieved, any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments with in the plans, are recognised in other comprehensive income and subsequently not reclassified into consolidated statement of profit and loss

## 21. Non- Controlling Interest

Financial information of subsidiaries that have material Non-Controlling Interests is provided below :

Particulars	As at 31 March 2021	As at 31 March 2020
Lifezen Healthcare Private Limited	(693.58)	(688.42)
Less: change in NCI without change in control (refer note 42)	689.77	-
	(3.81)	(688.42)
Bal Research Foundation	0.24	0.76
Balance Clinic LLP	(19.21)	(21.87)
Golden Drugs Private Limited	-	-
	<b>(22.78)</b>	<b>(709.53)</b>

### A.Proportion of Equity Interest held by Non-Controlling Interest

Particulars	As at 31 March 2021	As at 31 March 2020
Lifezen Healthcare Private Limited	0.54%	49.50%
Bal Research Foundation	20.00%	20.00%
Balance Clinic LLP	20.00%	20.00%

## Financial liabilities

### 22. Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Terms loans		
- from banks	997.14	1,255.28
- from others	983.72	1,036.06
Working Capital Term Loan under GECL scheme	391.19	-
Other Loans		
- vehicle loans	21.16	23.32
- others	-	-
	<b>2,393.21</b>	<b>2,314.66</b>
The above amount includes*		
Secured Borrowings (includes vehicle loans)	2,947.53	2,892.30
Unsecured Borrowings	-	21.92

\*The amount disclosed above includes non current borrowings and current maturities portion reflected in note 28



**i) Details of securities, repayment and interest of secured term loans from banks (including current maturities of long-term debt):**

**A Term loans (including current maturities of non-current borrowings) from Yes Bank Limited**

As at 31 March 2021 :Rs.Nil (31 March 2020 : Rs. 110.83 lakhs)

**Security**

- i. The loan is secured moveable and immovable fixed assets of the unit located in Sangli (unit V) and personal guarantee of Mr Shailesh Siroya (Managing Director)

**Repayment and interest terms**

- ii. The loan was repayable in 48 monthly installments starting from June 2017 with a initial moratorium of 12 months
- iii. The loan carried interest rate at 0.95% over and above the bank's 1 year MCLR

**B Term loans (including current maturities of non-current borrowings) from South Indian Bank Limited -Term Loan 1**

As at 31 March 2021 :Rs.432.90lakhs (31 March 2020 :Rs.445.38 lakhs)

**Security**

- i. All the property bearing municipal no 6/3 situated at Vasanthnagar, new ward number 63, Bengaluru consisting of 6825 square feet land owned by the Company

**Repayment and interest**

- ii. The loan was repayable in 154 monthly installments starting from March 2018.
- iii. The loan carried interest rate equal to the lender's 12 month's MCLR rate

**C Term loans (including current maturities of non-current borrowings) from South Indian Bank Limited -Term Loan 2**

As at 31 March 2021 :Rs312.84.lakhs (31 March 2020 :Rs.317.6 lakhs)

**Security**

- i. All the property bearing municipal no 6/3 situated at Vasanthnagar, new ward number 63, Bengaluru consisting of 6825 square feet land owned by the Company

**Repayment and interest**

- ii. The loan was repayable in 180 monthly installments starting from April 2018.
- iii. The loan carried interest rate equal to the applicable 12 month's MCLR rate

**D Term loans (including current maturities of non-current borrowings) from HDFC Bank Limited**

As at 31 March 2021 :Rs.458.94 lakhs lakhs (31 March 2020 : Rs.616.51 lakhs)

**Security**

- i. Primary security of plant & machinery of Unit I located at 21 &22, Bommasandra Industrial Area, Bengaluru. Secondary collateral on factory land and building of Unit I located at 21 &22, Bommasandra Industrial Area, Bengaluru and personal guarantee of Mr Shailesh Siroya (managing director)

**Repayment and interest**

- i. The loan was repayable in 5 equal quarterly installments of Rs.30 lakh and Rs. 14 lakh equal monthly installments till November 2023.
- ii. Interest was payable on at 10.75 % per annum

**E Term loans (including current maturities of non-current borrowings) from Standard Chartered Bank Limited**

As at 31 March 2021 :Rs.121.90 lakhs (31 March 2020 : Rs. 162.51 lakhs)

**Security**

- i. Hypothecation of Plant and Machinery which were funded from the term loan. For all the limits sanctioned by bank including term loan, charge on current assets of the Company along with HDFC Bank limited, Canara Bank and Yes Bank and first charge on the property located in Plot 61B, Bommasandra, Bengaluru and personal guarantee of Mr Shailesh Siroya (managing director)

**Repayment and interest**

- i. The disbursed loan to be repayable in 60 monthly EMI.
- iii. The loan carried interest rate equal to the applicable MCLR rate plus 1% per annum



**ii) Details of securities, repayment and interest of secured term loans from others (including current maturities of long-term debt):**

**A Term loans (including current maturities of non-current borrowings) from Tata Capital Financial Services Limited**

As at 31 March 2021 :Rs.1188.17 lakhs (31 March 2020 : Rs.1230.26 lakhs)

**Security**

- i. The loan is secured by mortgage of the property of Golden Drugs Private Limited Unit at Udaipur and personal guarantee of Mr Shailesh Siroya (Managing director).

**Repayment and interest**

- ii. The loan was repayable in 72 monthly installments starting from April 2019 with a initial moratorium of 12 months
- iii. The loan carried interest rate equal to the lender's long term lending rate less 7.19%

**iii) Details of securities, repayment and interest of Working Capital Term Loan under GECL scheme (including current maturities of long-term debt):**

Working Capital Term Loans (including current maturities of non-current borrowings) from Canara Bank limited

As at 31 March 2021 :Rs 400.00 lakhs (31 March 2020 :Rs. Nil)

**Security**

- i. The Loan is secured by all assets created out of credit facility
- ii. The Loan is further secured by extending the charges created over existing loan.
- iii. The facility is to be covered under Emergency Credit Line Guarantee Scheme (ECLGS) administered by National Credit Guarantee Trustee Company (NCGTC) Limited

**Repayment and interest**

- i. Initial moratorium of 12 months and thereafter repayable in 48 months as Rs 8.35 lakhs per month for 47 months and Rs 7.55 lakh per month for 1 month
- ii. The loan carried interest rate equal to the lender's long term lending rate less 7.50% p.a

**iv) Details of Vehicle loans (including current maturities of long-term debt):**

**Vehicle Loans (including current maturities of non-current borrowings) from Canara Bank Limited**

As at 31 March 2021 :Rs.8.44 lakhs (31 March 2020 : Rs.9.43 lakhs)

- (i) Secured by hypothecation of motor vehicles.
- (ii) These loans carry an interest rate of 9.20%.
- (iii) The principal amount has to be repaid in 60 equated monthly instalments.

**Vehicle Loans (including current maturities of non-current borrowings) from HDFC Bank Limited**

As at 31 March 2021 :Rs.8.72 lakhs (31 March 2020 : Rs.2.38 lakhs)

- (i) Secured by hypothecation of motor vehicles.
- (ii) These loans carry an interest rate of 9.90% to 10.50%
- (iii) The principal amount has to be repaid in 60 equated monthly instalments and 36 equated monthly instalments

**Vehicle Loans (including current maturities of non-current borrowings) from Kotak Mahindra Prime Limited**

As at 31 March 2021 :Rs. Nil (31 March 2020 : Rs.3.60 lakhs)

- (i) Secured by hypothecation of motor vehicles.
- (ii) These loans carry an interest rate of 9.90% to 10.50%
- (iii) The principal amount has to be repaid in 60 equated monthly instalments.

**Vehicle Loans (including current maturities of non-current borrowings) from Punjab National Bank Limited**

As at 31 March 2021 :Rs.15.93 lakhs (31 March 2020 : Rs.20.74 lakhs)

- (i) Secured by hypothecation of motor vehicles.
- (ii) These loans carry an interest rate of 8.80%
- (iii) The principal amount has to be repaid in 84 equated monthly instalments.

**v) Details of securities, repayment and interest of other unsecured loans (including current maturities of long-term debt):****A Loan (including current maturities of non-current borrowings) from Capital First Limited (unsecured)**

As at 31 March 2021 :Rs. Nil (31 March 2020 : Rs.10.18 lakhs)

**Repayment and interest**

i.The loan was repayable in 24 monthly installments starting from Aug 2017.

ii. Interest was payable on at 15.00% per annum

**B Loan (including current maturities of non-current borrowings) from Equitas Small Finance Bank Limited (unsecured)**

As at 31 March 2020 :Rs. 11.73 lakhs (31 March 2019 : Rs.29.42 lakhs)

**Repayment and interest**

i.The loan was repayable in 36 monthly installments starting from November 2017.

ii. Interest was payable on at 16.50% per annum

**vi)** There are no defaults in repayment of principal or interest to lenders as at the balance sheet date, however, in certain cases based on information available as on date, there exists a difference between the balance as per schedule and balance as per books

- In case of vehicle loans taken from Canara Bank Limited, the terms of which is stipulated in (iv) above, the balance as per original repayment schedule as on 31 March 2021 is Rs 7.38 lakhs whereas as per books is Rs 8.44 lakhs. Request has been made to bank to share the revised repayment schedule which is awaited.
- In case of term loans taken from HDFC Bank Limited , the terms of which is stipulated in (i)(D) above, the balance as per original repayment schedule as on 31 March 2021 is Rs 448.36 lakhs whereas as per books is Rs 458.94 lakhs. Subsequently, repaid the same.
- In case of vehicle loans taken from HDFC Bank Limited, the terms of which is stipulated in (iv) above, the balance as per original repayment schedule as on 31 March 2021 is Rs 0.50 lakhs whereas as per books is Rs 0.66 lakhs. Request has been made to bank to share the revised repayment schedule which is awaited.
- In case of term loans taken from South Indian Bank, the terms of which is stipulated in (i)(B) and (i)(C) above, the balance as per original repayment schedule as on 31 March 2021 is Rs 726.70 lakhs whereas as per books is Rs 745.73 lakhs. Request has been made to bank to share the revised repayment schedule which is awaited.

**vii)** Based on RBI notification dated 23 March 2020, the Company has applied for moratorium towards interest and principal repayments for borrowings from Yes Bank Limited, Standard Chartered Bank Limited and TATA Capital Financial Services Limited. The said application provides relief in payment of Interest and principal amount. Further, based on RBI's subsequent notification dated 23 May, 2020, the Company has requested for further extension of moratorium ending on 31 Aug, 2020. The same was received for Yes Bank Limited, Standard Chartered Bank Limited and TATA Capital Financial Services Limited.

**23. Other financial liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Deposits received from customers	194.91	209.38
Rent Deposits received	-	-
Lease Liability (Ind AS 116)	161.52	112.05
	<b>356.43</b>	<b>321.43</b>

**24. Provisions**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Provision for employee benefits</b>		
Gratuity	354.22	301.85
Leave benefits	52.32	60.13
	<b>406.54</b>	<b>361.98</b>



## 25. Deferred tax liabilities (Net)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Deferred Tax Liability arising on account of :</b>		
Property, Plant and Equipment	708.93	737.09
Others	5.65	11.44
<b>Deferred Tax Asset arising on account of :</b>		
Allowability of certain expenditure on payment basis	(152.88)	(122.67)
Disallowance for non payment and non deduction of TDS	(12.17)	(102.89)
Income Tax Losses	(223.03)	(115.79)
Others	(63.29)	(48.79)
	<b>263.21</b>	<b>358.39</b>

## Current financial liabilities

### 26. Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Secured:</b>		
- Cash Credit	4,657.27	5,040.58
- Packing Credit	2,503.83	1,471.12
- Buyers Credit	-	356.90
- Bills Discounting	196.64	135.11
- Working capital demand loan	147.31	-
<b>Unsecured :</b>		
- Loan from Director	-	56.92
- Convertible Zero Coupon Debenture	576.85	1,902.00
	<b>8,081.90</b>	<b>8,962.63</b>

- A) All secured cash credit are secured by first charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future) and carries interest rate at 9.75% to 13.15% (31 March 2020 :9.75% to 13.15%)
- B) All secured packing credit and buyers credit are secured by first charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future) and carries interest rate at 9.75% to 13.15% (31 March 2020 :9.75% to 13.15%) with maturity within 6 months
- C) All secured bill discounting are secured by first charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future) and carries interest rate at 9.75% to 13.15% (31 March 2020 :9.75% to 13.15%)
- D) All secured working capital demand loans are secured by first charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future) and carries interest rate at 9.75% to 13.15% (31 March 2020 :9.75% to 13.15%)
- E) The loan from director carries nil rate of interest and repayable on demand
- F) The Convertible Zero Coupon Debenture is repayable on demand

**27. Trade Payables**

Particulars	As at 31 March 2021	As at 31 March 2020
Due to Micro, Small and Medium Enterprises (refer note no. 44)	-	-
Due to Other than Micro, small and Medium Enterprises		
- Due to Related Parties (refer note no. 61)	98.06	175.76
- Due to Others	4,618.59	3,691.65
	<b>4,716.65</b>	<b>3,867.41</b>

**28. Other Financial Liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term debt *		
- term loan from banks	313.03	339.30
- term loan from others	193.99	194.20
- working capital term loan under GECL cheme	8.23	-
- vehicle loans	11.93	12.84
- others	-	21.92
Interest accrued but not due	11.51	13.49
Interest accrued and due	34.97	-
Security deposits	15.72	15.72
Payable towards purchase of Property, Plant and Equipment	14.08	108.31
Accrued Payroll	295.04	254.78
Unclaimed Dividends	18.52	16.73
Payable towards Dividend Distribution Tax	29.13	58.26
Lease Liability (IND AS 116)	30.80	84.31
Director's Deposit	1.00	1.00
Rental Deposits	-	-
- from others	0.50	-
Other current liabilities	-	-
- Due to Related Parties (refer note no. 61)	-	7.17
- Due to Others	464.10	412.19
	<b>1,442.55</b>	<b>1,540.22</b>

\* For details of terms of loan, refer note no. 22

**29. Other Current Liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Advance received from Customers	596.75	1,056.76
Statutory dues	179.27	349.72
Book Overdraft due to issue of cheques	130.19	116.60
Other Payable	8.11	5.95
	<b>914.32</b>	<b>1,529.03</b>

### 30. Provision

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Provision for employee benefits</b>		
Gratuity	50.36	32.72
Leave Encashment	15.25	17.15
	<b>65.61</b>	<b>49.87</b>

### 31. Current Tax Liabilities (Net)

Particulars	As at 31 March 2021	As at 31 March 2020
Current Income Tax Liabilities (Net)	32.26	-
	<b>32.26</b>	<b>-</b>

### 32. Revenue from operations

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of Product	24,694.44	16,712.37
Sale of Services	0.00	55.05
Other operating revenue	358.42	342.01
	<b>25,052.86</b>	<b>17,109.43</b>

### 33. Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income		
- on fixed deposits with bank	27.40	29.71
- Others	4.02	9.13
Net gain on foreign currency translation and transactions	-	46.22
Profit on sale of Property, Plant and Equipment	2.10	5.25
Rental Income	1.87	4.39
Insurance Claim received	3.05	0.72
Balances/Advances No More Payable	58.27	46.62
Income Tax Refund Received	0.05	15.94
Other Non -Operating revenue	17.08	27.35
	<b>113.84</b>	<b>185.32</b>

**34. Cost of materials consumed**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw materials		
Opening stock	2,496.28	2,229.90
Add: Purchases - Raw Material	12,313.56	6,647.71
Less: Closing stock	(2,271.27)	(2,496.28)
	<b>12,538.57</b>	<b>6,381.33</b>
Packing Materials		
Opening Stock	410.88	541.91
Add: Purchases - Packing Material	1,013.59	756.27
Less: Closing stock	(416.18)	(410.88)
	1,008.29	887.30
	<b>13,546.86</b>	<b>7,268.63</b>

**35. Purchases of traded goods**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Purchase of traded goods	1,043.01	854.36
	<b>1,043.01</b>	<b>854.36</b>

**36. (Increase)/decrease in Inventories of finished goods and work in progress**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventories at the end of the year		
Work-in-progress	1,204.08	648.23
Finished goods	2,142.33	3,203.06
	3,346.41	3,851.29
Inventories at the beginning of the year		
Work-in-progress	648.23	1,836.09
Finished goods	3,203.06	2,353.54
	<b>3,851.29</b>	<b>4,189.63</b>
	<b>504.88</b>	<b>338.34</b>

**37. Employee benefits expense**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salary and wages	3,691.70	4,561.65
Contribution to provident and other funds	174.19	226.17
Staff welfare expenses	221.82	181.44
Gratuity Expenses	71.21	62.09
Leave Encashment Expense	28.69	12.86
	<b>4,187.61</b>	<b>5,044.21</b>

### 38. Finance Cost

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest Expenses on Term Loan	326.11	382.95
Interest Expenses on Working Capital	687.43	668.48
Interest Expenses GECL	3.71	-
Interest Expenses - others	20.83	13.21
Interest Expenses on Lease Liability (Ind AS 116)	15.85	12.77
Other Finance Cost (Including Interest on delayed payment of taxes)	143.49	181.29
	<b>1,197.42</b>	<b>1,258.70</b>

### 39. Depreciation and Amortisation

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on Property, Plant and Equipment (refer note 4)	833.32	634.37
Amortisation on Intangible Assets (refer note 6)	118.81	133.40
	<b>952.13</b>	<b>767.77</b>

### 40. Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Consumption of stores and spares	27.77	32.09
<b>Power and fuel</b>	497.92	475.90
Laboratory and Testing Charges	177.29	187.55
Sub contracting expenses	327.58	169.99
Repairs & Maintenance		
- Plant and machinery	147.87	158.72
- Building	39.17	40.13
- Others	132.65	104.56
Commission on sales	257.59	275.99
Freight and forwarding charges	611.96	422.82
Net loss on foreign currency translation and transactions	185.96	-
Travelling Expenses	61.45	169.53
Advertisement and selling expenses	157.35	362.61
Legal and professional charges	132.44	174.81
Rent	68.32	34.52
Rates & Taxes	80.80	146.77
Communication Cost	33.93	44.31
Registration fees	20.13	14.31
Liquidated damages	39.10	31.32

**40. Other expenses (continued)**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Security Charges	63.72	60.10
Donation	7.35	1.75
Loss on sale of Duty Scrip	0.55	3.81
Seminar, Conference & Exhibition Expenses	0.36	17.14
Insurance	46.18	34.72
Printing & Stationary	31.56	43.21
Subscription & Membership	6.23	8.59
Bank charges	18.41	14.47
Expected Credit Losses	21.17	22.38
Impairment on Investments	-	1.50
Balances/Advances No More Recoverable	77.72	31.95
Assets written off	10.58	-
Miscellaneous Expenses	41.44	30.13
	<b>3,324.52</b>	<b>3,115.68</b>

**41. Contingent liabilities and commitments**

Particulars	As at 31 March 2021	As at 31 March 2020
Contingent liabilities		
- Income tax	159.67	99.11
- Excise & Customs and Service Tax (refer note 1 below)	272.97	205.09
- Sales Tax (refer note 2 below)	1.18	42.85
- Others (Letter of credit)	-	952.40
Capital commitments		
-Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	-	-

**Note 1 :** The Group has received show cause notices under the Central Excise laws and Service Tax laws in for the years 2007-08 onwards which in various stages of assessment as at 31 March 2021. The assessments are in progress and the Group has not received the assessment order in respect of the same. In certain cases, the Group has preferred an appeal which has been remanded back to the original authority for reassessment.

**Note 2:** The Group has received a modified assessment order dated 10 March 2021 with a demand of Rs 5.84 lakhs inclusive of interest of Rs 3.87 interest. The Group has filed an application under Kerala Amnesty scheme 2021 for waiver of 100% interest and 40% tax demand. The Group is awaiting approval of the same.

**Other Disputes**

The Group is also involved in other lawsuits, claims, investigations and proceedings, which arise in the ordinary course of business, however, there are no such matters pending that the Group expects to be material in relation to its business.

**42. Acquisition of NCI in Lifezen Healthcare Private Limited**

The Holding Company has during the year purchased 979000 shares of Lifezen Healthcare Private Limited during the year and thereby increasing the holding to 99.45%. The same has resulted in changes in the proportion of equity held by non-controlling interests. The Company has adjusted the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary in accordance with IndAS 110. The entity has recognised directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.



Particulars	For the year ended 31 March 2021	
Carrying amount of NCI acquired		(689.77)
Consideration paid to NCI		(97.91)
		(787.68)

#### 43. Auditors' remuneration excluding tax (included in Legal and Professional Charges)

Particulars	As at 31 March 2021	As at 31 March 2020
As auditor		
- for Statutory audit	7.95	7.95
- for Taxation matters	0.50	0.50
- for Limited Review	0.20	0.20
In other capacity	-	-
Other services (certification fees)	-	0.80
Reimbursement of expenses	-	0.50
	<b>8.65</b>	<b>9.95</b>

#### 44. Disclosure with respect to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the MSMED Act'). However as on date, the Group has not received any information with regard to vendors who have obtained registration under the said act.

Accordingly, the Group has disclosed the entire amount as payable to vendors other than Micro, small and Medium enterprise.

#### 45. Confirmations

Balances of Trade Receivables, Trade Payables, Loans and Advances, Receivables and Payables are subject to confirmation / reconciliation, if any

#### 46. Consolidation of ABVet Pharma Pty. Limited (Joint Venture)

AB vet Pharma PTY Ltd, incorporated in Melbourne, Australia as a joint venture Company between Bal Pharma Limited and Akaal Pharma PTY Ltd. This Joint venture is intended for developing, promoting and marketing of veterinary medicines in the regulated markets. However, during the year ended 31 March 2021 the management has decided to terminate the agreement.

#### 47. Earnings per share

Basic EPS amounts are calculated by dividing the income for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. The Group has no potentially dilutive instruments.

##### (I) Reconciliation of earnings used in calculating earnings per share:

Particulars	As at 31 March 2021	As at 31 March 2020
From continuing operations:		
Consolidated profit/(loss) after tax attributable to the owners of the Holding Company	474.24	(1,221.83)
<b>Net profit/(loss) for basic and diluted earnings</b>	<b>474.24</b>	<b>(1,221.83)</b>

**(ii) Reconciliation of basic and diluted shares used in computing earnings per share**

Particulars	As at 31 March 2021	As at 31 March 2020
Number of equity shares at the beginning of the year (in Lakhs)	141.72	141.72
Add: Weighted average number of equity shares issued during the year	0.27	-
<b>Number of weighted average equity shares considered for calculation of basic and diluted earnings per share ( in lakhs)</b>	<b>141.99</b>	<b>141.72</b>

**(iii) Earnings per share:**

Particulars	As at 31 March 2021	As at 31 March 2020
Basic and dilutive*	3.34	(8.62)

\* The Group has no potential dilutive instruments

**48. Unclaimed Dividends on Equity Shares**

Particulars	As at 31 March 2021	As at 31 March 2020
2013 - 2014	2.34	2.34
2014 - 2015	3.83	3.78
2015 - 2016	2.64	2.64
2016 - 2017	2.44	2.40
2017 - 2018	2.61	0.90
2018 - 2019	2.72	2.73
	<b>18.53</b>	<b>16.74</b>

**49. Expenditure on corporate social responsibility activities**

As per Section 135 of the Companies Act, 2013, a company meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

Particulars	As at 31 March 2021	As at 31 March 2020
((a) Amount required to be spent by the Holding Company during the year*	-	-
(b) Amount spent during the year	-	-

\* for the year ended 31 March 2021, the Holding Company does not meet the threshold limits



## 50. Leases

### (a) Group as a lessee

Effective April 1, 2019, the Group adopted Ind-AS 116, on all lease contracts, except for the leases with a term of twelve month or less (short term leases) and low value leases, existing on April 1, 2019 using the modified retrospective method with Right-of-use assets recognised at an amount equal to the lease liabilities in the balance sheet. The Right-of-use assets as on March 31, 2020 and March 31, 2021 have been presented as part of Property, plant and equipment. For these short term leases, the Group recognises the lease payments as an operating expense on a straight line basis over the period of lease.

#### Changes in Lease Liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Opening Balance as on 1 April 2020	196.36	-
On account of adoption of Ind AS 116	-	269.72
Additions	72.55	-
Finance Cost	15.85	12.77
Payment of Lease Liabilities	(92.44)	(86.13)
Closing Balance	192.32	196.36
Current Lease Liabilities	30.80	84.31
Non-current Lease Liabilities	161.52	112.05

#### Contractual Maturities of Lease Liability

Particulars	As at 31 March 2021	As at 31 March 2020
Less than one year	45.17	81.93
1 to 5 years	189.09	121.77
above 5 years	-	32.76

### (b) Group as a lessor

The company's leasing arrangements as a lessor are in nature of operating leases. These are cancelable operating leases and these lease agreements are normally renewed on expiry. The aggregate lease rental payable are charged as rent under note

## 51. Export Benefit Incentives

Export benefit Incentives includes Duty Drawback ('DBK'), Focus Marketing incentive scheme (FMS), Focus product scheme (FPS), Market Linked Product Scheme (MLPS), Incremental Exports incentive scheme, Merchandise Export India Scheme and Service tax rebate scheme (STR). The Company has accounted an amount of Rs. 348.82 lakhs (31 March 2020 : Rs. 329.48 Lakhs) under "other operating revenue", being the net amount of credit under various export incentive schemes as announced under Foreign trade Policy. The same will be either be sold or utilized for off-setting customs duty on future imports. The accumulated amount outstanding on this account as on 31 March 2021 is Rs. 429.92 lakhs (31 March 2020: Rs. 353.45 Lakhs) and the same is reflected under Export Incentives Receivable

## 52. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. The operating segments' operating results are reviewed by the Chief Operating Decision Maker (Board of Directors) to make decisions about resources to be allocated to the segments and assess their performance. The Group's business activities fall within one component namely, "manufacturing and marketing of pharmaceutical formulations and active pharmaceutical ingredients". Accordingly, separate disclosures per the requirements of IndAS 108, Operating Segments, are not considering necessary.

In accordance with IndAS-108 "Operating Segments", information about geographical areas has been given below:

**A) Information on Geographical Areas (Entity Wise Disclosures)**

Geographic Segments	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from India	8,861.65	6,370.09
Other than India	15,832.79	10,397.33
	<b>24,694.44</b>	<b>16,767.42</b>

The following table shows the carrying amount of segment assets and additions to Property, Plant and Equipment by geographical area in which the assets are located.

Particulars	31 March 2021		31 March 2020	
	India	Others*	India	Others*
Carrying amount of segment assets	21,032.56	2,975.48	22,094.43	1,744.28
* Others Represent Trade Receivable				

**53. Income tax****A. Amounts recognised in statement of profit and loss**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current income tax:</b>		
Current income tax charge	37.87	-
Previous Year's Tax Adjustment	-	(14.86)
	<b>37.87</b>	<b>(14.86)</b>
<b>Deferred tax:</b>		
Attributable to -		
Origination and reversal of temporary differences	(98.82)	(48.90)
	<b>(98.82)</b>	<b>(48.90)</b>
<b>Minimum Alternate Tax credit entitlement</b>		
Excess of tax liability under Minimum Alternate Tax over Normal Provisions as per Income Tax Act, 1961	-	-
	<b>-</b>	<b>-</b>
Income tax (credit) / expense reported in the Statement of profit or loss	<b>(60.95)</b>	<b>(63.76)</b>

**B. Income tax recognised in other comprehensive income**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Net (gain)/loss on remeasurement of defined benefit liability/ (assets)	-3.63	10.69
<b>Income tax charged to OCI</b>	<b>(3.63)</b>	<b>10.69</b>

**C. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit before income tax	410.27	(1,352.94)
Domestic tax rate *	29.12%	26.00%
Tax using the Company's domestic tax rate	119.47	(351.76)
Impact of Non-taxable items due to Ind AS adjustments	13.45	(3.69)
Weighted Deductions and Exemptions	7.16	(45.10)
Impact of non-deductible expenses for tax purposes (Net)	2.13	10.03
Impact of disallowance for non payment and non deduction of TDS	(24.40)	102.89
Impact of allowability of certain expenditure on payment basis	102.89	37.91
Impact of Depreciation on Property, Plant and Equipment and others	(135.73)	28.42
Impact of tax losses on tax expense	(140.53)	117.04
Previous Year's Tax Adjustment	-	(14.86)
Others	(5.40)	55.38
<b>Current tax Expense</b>	<b>(60.96)</b>	<b>(63.76)</b>
Effective Tax Rate	-14.86%	4.71%
* Including applicable surcharge rate and cess		

**53. Income Tax (continued)**
**D. Deferred Tax**

Deferred tax relates to the following:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Deferred Tax Liability		
Property, Plant and Equipment	708.93	737.09
Weighted Deduction in Research and Development	-	-
Others	5.65	11.44
Deferred tax Asset		
Allowability of certain expenditure on payment basis	(152.88)	(122.67)
Disallowance for non payment and non deduction of TDS	(12.17)	(102.89)
Income Tax Losses	(223.03)	(115.79)
Others	(63.28)	(48.79)
<b>Deferred tax Liability Reflected in Balance Sheet</b>	<b>263.21</b>	<b>358.39</b>

**54. Expenditure on Research and Development**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Revenue Expenditure</b>		
Raw material consumed	4.66	6.51
Power and Fuel	21.26	12.32
Water Charges	2.94	0.77
Laboratory and testing	1.81	4.97
Employee benefit expense	163.40	127.89
Others	8.38	56.16
<b>Total Expenditure towards Research and Development</b>	<b>202.45</b>	<b>208.62</b>
<b>Amount Capitalised (refer note 6 B)</b>		
Development Expenses	200.14	203.98

**55. Note on Suspended Activities in Unit located at Pune**

The Management of the Holding Company has decided to suspend the operations of its IV fluids and parenterals manufacturing facility at Pune as this unit has been consistently incurring operational losses due to various reasons such as higher costs of raw materials, escalation in production cost, employee cost, lack of adequate orders and thin margins on products manufactured. The above have led to a situation wherein any further efforts to restore the profitability of the unit will be futile.

This decision was taken as part of the restructuring exercise undertaken by the Group to streamline its operations and to exit from its noncore businesses, so that further deterioration of its noncore business revenues can be plugged. The management is considering both avenues of disinvestment of the Unit or partnering with an outside party, whichever is beneficial."

**56. Impact of Covid-19**

The Group continues to monitor the possible effects that may result from the pandemic relating to COVID-19. The Group continues to take several business continuity measures with a view to ensure minimal disruption with respect to operations including production and distribution activities. Based on internal and external sources of information, current economic environment and future economic indicators, the Group has assessed the financial impact of the COVID-19 situation on its operations particularly on the carrying amounts of receivables, inventories, property, plant and equipment and intangible assets. However, the Group has not experienced any significant or material difficulties with respect to market demand, collections or liquidity and the management expects no impairment is required for the carrying amount of these assets. However, the impact of the pandemic could be different from those estimated today considering the uncertainties involved. The Group will continue to monitor any material changes to future economic conditions.

**57. Value of Imports calculated on CIF basis**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw Materials	5,677.32	2,660.74
Capital goods (Including spares and components)	-	-
	<b>5,677.32</b>	<b>2,660.74</b>

**58. Details of consumption of imported and indigenous raw materials, components and spare parts:**

Particulars	31 March 2021		31 March 2020	
	Value in Rs	% of total consumption	Value in Rs	% of total consumption
<b>Raw Material</b>				
Imported	5,516.98	44.00%	2453.94	38.75%
Indigenous	7,021.59	56.00%	3,878.22	61.25%
	<b>12,538.57</b>	<b>100.00%</b>	<b>6,332.16</b>	<b>100.00%</b>
<b>Stores and Spares</b>				
Imported	-	-	-	-
Indigenous	-	-	-	-
	-	-	-	-
	<b>12,538.57</b>		<b>6,332.16</b>	

**59. Earnings in Foreign Currency**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
FOB value of Exports	<b>15,042.68</b>	<b>10,345.49</b>

**60. Expenditure in Foreign Currency**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Traveling expenditure	22.58	70.84
Registration fee	15.80	12.06
Commission on export sales	90.86	73.01
Sales promotion expenses	56.16	106.95
	<b>185.40</b>	<b>262.86</b>

**61. Related Party Transactions**

<b>A Enterprise owned by the Managing Director of the company</b>	Desa Marketing International
<b>B Enterprise over which the Managing Director of the Company exercises joint control with other relatives</b>	Siroya Construction Siroya Wellness Siroya & Company
<b>C Enterprise over which the Managing Director of the Company exercises joint control with other directors</b>	Siroya Properties & Holdings Private Limited Siroya Developers Private Limited
<b>D Significant Interest Entities</b>	Micro Labs Limited
<b>E Key management personnel</b>	Shailesh D Siroya - Managerial Director Dr. S Prasanna - Whole Time Director (till 30 th October 2020) Himesh Virupakshaya - Whole Time Director (w.e.f 25th September 2020) Himesh Virupakshaya - Additional Director (till 25th September 2020) Preeti Singh - Company Secretary (w.e.f 14th May 2020) G Rengarajan - Chief Financial Officer



(ii) Particulars of Related Party Transactions

Particulars	Category	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Revenue from Operations</b>			
- Micro Labs Limited	D	292.17	140.15
		<b>292.17</b>	<b>140.15</b>
<b>Commission on sales</b>			
- Desa Marketing International	A	117.15	34.22
		<b>117.15</b>	<b>34.22</b>
<b>Rental Expenses</b>			
- Shailesh D Siroya	E	12.00	12.00
		<b>12.00</b>	<b>12.00</b>
<b>Key Managerial Personnel Compensation</b>			
- Shailesh D Siroya	E	102.00	102.00
- Dr.S.Prasanna	E	23.80	33.60
- HimeshVirupakshaya	E	31.61	14.40
- Preeti Singh	E	4.50	-
- G Rengarajan	E	14.75	6.46
		<b>176.66</b>	<b>156.46</b>
<b>Purchase of Capital Goods</b>			
- Siroya Constructions	B	-	0.95
		<b>-</b>	<b>0.95</b>
<b>Expenses incurred on behalf of</b>			
- Siroya Properties & Holdings Private Limited	C	0.13	-
		<b>0.13</b>	<b>-</b>
<b>Loan received from Director (Net)</b>			
- Shailesh D Siroya	E	(56.92)	56.92
		<b>(56.92)</b>	<b>56.92</b>

(iii) Amount outstanding as at the balance sheet date

Particulars	Category	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Capital advances</b>			
- Siroya Properties & Holdings Private Limited	D	376.09	376.09
		<b>376.09</b>	<b>376.09</b>
Trade Receivables			
- Micro Labs Limited	D	112.29	82.13
		<b>112.29</b>	<b>82.13</b>
Advances recoverable in Cash or Kind			
- Siroya Wellness	B	0.98	0.98
		<b>0.98</b>	<b>0.98</b>
Loans/advances to employees			
- HimeshVirupakshaya	E	0.30	-
		<b>0.30</b>	<b>-</b>
Loan from Director			
- Shailesh D Siroya	F	-	56.92
		<b>-</b>	<b>56.92</b>
Trade Payables			
- Desa Marketing International	A	81.94	175.75
- Siroya Constructions	B	1.44	-
- Shailesh D Siroya	E	1.85	-
		<b>85.23</b>	<b>175.75</b>
Payable towards purchase of Property, Plant and Equipment			
- Siroya Constructions	B	0.00	0.51
		<b>-</b>	<b>0.51</b>

\* Managerial remuneration does not include provision for gratuity and leave encashment, which is determined for the Company as a whole

## 62. Employee benefits

### (a) Defined Contribution Plans

Employees receive benefits from a provident fund and employee state insurance funds. The employer and employees each make periodic contributions to the plan as per local regulations. The following table discloses the employers contribution to the funds:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Provident Fund Contribution	149.85	191.16
Contribution to Employee State Insurance	24.12	34.32
Labour Welfare Fund	0.22	0.69

### (b) Defined Benefit Plans and other Long term plans

In accordance with applicable Indian laws, the Group provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the number of years of employment with the Group.

Actuarial Valuation for compensated absences is done as at the year end and the provision is made as per Group policy with corresponding (gain)/charge to the statement of profit and loss and it covers all regular employees. Obligation in respect of earned leave policy are actuarially determined as at the year end using the 'Projected Unit Credit' method.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit and leave encashment

Particulars	Gratuity		Leave Encashment	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
<b>Changes in present value of defined benefit obligations during the year</b>				
Present Value of Defined Benefits at the beginning of the year	332.62	249.57	78.41	72.23
Service cost	47.90	45.60	23.31	25.57
Past Service Cost	-	-	-	-
Interest on defined benefit obligation	23.31	16.49	5.38	4.70
Benefits settled	(18.99)	(16.80)	(5.97)	(8.56)
Actuarial (gain) / loss	19.73	39.71	(33.58)	(16.66)
	<b>404.58</b>	<b>334.57</b>	<b>67.55</b>	<b>77.28</b>
<b>Reconciliation of present value of the obligation and the fair value of the plan assets:</b>				
Present Value of Defined Benefits at the end of the year	404.58	334.57	(67.55)	(77.28)
Fair value of plan assets at the end of the year	-	-	-	-
	<b>(404.58)</b>	<b>(334.57)</b>	<b>(67.55)</b>	<b>(77.28)</b>
Net Liability - Current (Refer Note No.30)	50.36	32.72	15.25	17.15
Net Liability - Non Current (Refer Note No.24)	354.22	301.85	52.32	60.13
Expenses recognised in Statement of Profit or Loss during the year				
Current Service cost	47.90	45.60	23.31	25.57
Past Service Cost	-	-	-	-
Interest cost on defined benefit (net)	23.31	16.49	5.38	4.70
Expected return on plan assets	-	-	-	-
	<b>71.21</b>	<b>62.09</b>	<b>28.69</b>	<b>30.27</b>

**(b) Defined Benefit Plans and other Long term plans (continued)**

Particulars	Gratuity		Leave Encashment	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
<b>Actuarial (gain) / loss</b>				
Remeasurements - Due to Demographic Assumptions	(5.99)	(4.76)	(0.83)	1.75
Remeasurements - Due to Financial Assumptions	41.66	(2.09)	5.06	(1.46)
Remeasurements - Due to Experience Adjustments	(15.94)	46.56	(37.81)	(14.96)
(Return) on Plan Assets (Excluding Interest Income)	-	-	-	-
(Return) on Reimbursement Rights	-	-	-	-
Changes in Asset Ceiling / Onerous Liability	-	-	-	-
	<b>19.73</b>	<b>39.71</b>	<b>(33.58)</b>	<b>(14.67)</b>
<b>Maturity Profile of Defined Benefit Plan</b>				
Within the next 12 months	50.36	32.80	7.76	16.87
Between 2 and 5 years	126.60	70.48	19.09	17.71
Between 6 and 9 years	89.21	70.46	13.03	12.66
For 10 years and above	134.94	160.82	23.05	30.03
<b>Sensitivity Analysis for significant assumptions</b>				
Salary Escalation - Up by 1%	5.47%	8.47%	5.89%	9.78%
Salary Escalation - Down by 1%	-4.96%	-7.49%	-5.30%	-8.33%
Attrition Rates - Up by 1%	-0.27%	0.66%	-0.26%	1.17%
Attrition Rates - Down by 1%	0.29%	-0.75%	0.28%	-1.33%
Discount Rates - Up by 1%	-5.48%	-7.80%	-5.65%	-8.45%
Discount Rates - Down by 1%	6.14%	9.06%	6.39%	10.06%
<b>Assumptions</b>				
Discount rate	7.23%	6.84%	7.23%	6.84%
Estimated rate of return on plan assets	0.00%	0.00%	0.00%	0.00%
Salary increase	11.81%	5.00%	7.00%	5.00%
Attrition Rate	38.11%	5.00%	15.00%	5.00%
Retirement age	58 years	58 years	58 years	58 years



**63. Financial Instruments - Fair Value Disclosure**

The carrying value and fair value of financial instruments by categories for year ended 31 March, 2021

Particulars	Note No	Carrying value	Amortized Cost	Fair Value
<b>Financial Asset at Amortised Cost (Current and Non-Current)</b>				
Loans	7 & 13	244.72	244.72	-
Trade receivable	12	6,719.70	6,719.70	-
Cash and cash equivalents	14	102.34	102.34	-
Other bank balances	15	282.70	282.70	-
Other financial assets	8 & 16	429.21	429.21	-
<b>Total Financial Assets</b>		<b>7,778.67</b>	<b>7,778.67</b>	-
<b>Financial Liabilities at Amortised Cost (Current and Non-Current)</b>				
Borrowings (including current maturities)	22,26 & 28	11,002.29	11,002.29	-
Trade payables	27	4,716.65	4,716.65	-
Other financial liabilities	23 & 28	1,271.80	1,271.80	-
<b>Total Financial Liabilities</b>		<b>16,990.74</b>	<b>16,990.74</b>	-
		<b>(9,212.07)</b>	<b>(9,212.07)</b>	-

The carrying value and fair value of financial instruments by categories for year ended 31 March, 2020

Particulars	Note No	Carrying value	Amortized Cost	Fair Value
<b>Financial Asset at Amortised Cost (Current and Non-Current)</b>				
Loans	7 & 13	249.98	249.98	-
Trade receivable	12	4,960.24	4,960.24	-
Cash and cash equivalents	14	85.87	85.87	-
Other bank balances	15	227.31	227.31	-
Other financial assets	8 & 16	338.10	338.10	-
<b>Total Financial Assets</b>		<b>5,861.50</b>	<b>5,861.50</b>	-
<b>Financial Liabilities at Amortised Cost (Current and Non-Current)</b>				
Borrowings (including current maturities)	22,26 & 28	11,845.55	11,845.55	-
Trade payables	27	3,867.41	3,867.41	-
Other financial liabilities	23 & 28	1,293.39	1,293.39	-
<b>Total Financial Liabilities</b>		<b>17,006.35</b>	<b>17,006.35</b>	-
		<b>(11,144.85)</b>	<b>(11,144.85)</b>	-



## 64. Financial Instruments - Financial risk management

The Group has exposure to following risks arising from financial instruments-

- Market Risk
- Credit Risk
- Liquidity Risk

The Holding Company's board of directors and the board of directors of the subsidiary companies has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Holding Company's audit committee oversees how management monitors compliance with the Holding Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relations to the risks faced by the Holding Company.

### A Market Risk

#### I) Currency Risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates will effect Group's income or value of its holding financial assets/ instruments. The exchange rate between the Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the Rupee appreciates / depreciates against US dollar (USD), Euro (EUR), Dirhams (AED) and Others.

#### (a) Foreign Exchange Exposures outstanding at the year end

Nature Of Instrument	As at 31 March 2021	As at 31 March 2020
Unhedged Foreign Exchange Exposures		
Trade Receivables	2,969.25	1,744.28
Cash and Cash Equivalents	6.23	6.23
	<b>2,975.48</b>	<b>1,750.51</b>
Trade Payables	(1,221.53)	(410.20)
Current Borrowings	(2,700.47)	(1,963.13)
Others		(32.58)
	<b>(3,922.01)</b>	<b>(2,405.89)</b>
	<b>(946.53)</b>	<b>(655.38)</b>

#### (b) Foreign Currency Risk from Financial Instrument as at 31 March 2021

Nature Of Instrument	USD	EUR	AED	Others	Total
Trade Receivables	2,562.47	406.78	-	-	2,969.25
Cash and Cash Equivalents	6.44	-	-	-	6.44
Trade Payables	(1,215.82)	(5.71)	-	-	(1,221.53)
Current Borrowings	(2,649.63)	(50.84)	-	-	(2,700.47)
Others	-	-	-	-	-
<b>Net Assets/(Liabilities)</b>	<b>(1,296.56)</b>	<b>350.23</b>	<b>-</b>	<b>-</b>	<b>(946.31)</b>



**(b) Foreign Currency Risk from Financial Instrument as at 31 March 2020**

Nature Of Instrument	USD	EUR	AED	Others	Total
Trade Receivables	1,350.13	333.20	60.94	-	1,744.28
Cash and Cash Equivalents	6.23	-	-	-	6.23
Trade Payables	(405.08)	(5.11)	-	-	(410.19)
Current Borrowings	(1,705.00)	(258.13)	-	-	(1,963.13)
Others	(32.58)	-	-	-	(32.58)
<b>Net Assets/(Liabilities)</b>	<b>(786.30)</b>	<b>69.96</b>	<b>60.94</b>	<b>-</b>	<b>(655.39)</b>

**(c) Sensitivity Analysis**

A reasonably possible change in foreign exchange rates by 5% would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant

Particulars	USD	EURO	AED
<b>Impact on Statement of Profit and Loss</b>			
Increase by 5%			
As at 31 March 2021	(64.83)	17.51	-
As at 31 March 2020	(39.31)	3.50	3.05
Decrease by 5%			
As at 31 March 2021	64.83	(17.51)	-
As at 31 March 2020	39.31	(3.50)	(3.05)
<b>Impact on Equity (Net of Tax)</b>			
Increase by 5%			
As at 31 March 2021	(47.97)	12.96	-
As at 31 March 2020	(29.09)	2.59	2.25
Decrease by 5%			
As at 31 March 2021	47.97	(12.96)	-
As at 31 March 2020	29.09	(2.59)	(2.25)

**2) Interest rate Risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

**a) Exposure to Interest Rate Risk**

The interest rate profile of the Group's interest-bearing financial instruments as reported :

Nature Of Instrument	As at 31 March 2021	As at 31 March 2020
<b>Fixed Rate Instruments</b>		
Financial Assets	535.35	436.81
Financial Liabilities	(8,105.60)	(7,833.59)
<b>Variable Rate Instruments</b>		
Financial Assets	-	-
Financial Liabilities	(2,514.74)	(2,239.70)
	<b>(10,084.99)</b>	<b>(9,636.48)</b>

**(b) Fair value sensitivity analysis for fixed-rate instruments**

The Group's fixed rate instruments are carried at amortised cost. They are therefore not subject to interest rate risk as defined as per IndAS 107, since neither the carrying amount nor future cash flows will fluctuate because of change in market interest rates.

**(c) Cash flow sensitivity analysis for variable-rate instruments**

A reasonable possible change of 2% (200 basis points) in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Impact on Statement of Profit and Loss</b>		
Loan and Borrowing		
Increase by 2%	(47.54)	(48.25)
Decrease by 2%	47.54	48.25
<b>Impact on Equity (Net of Tax)</b>		
Loan and Borrowing		
Increase by 2%	(35.18)	(35.71)
Decrease by 2%	35.18	35.71

**B Liquidity Risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Group maintains flexibility in funding by maintaining availability under committed facilities.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**Maturities of financial liabilities:**

The table below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.



	Carrying Amount	Contractual cash Flows			Total
		< 12 Months	1 to 5 years	> 5 years	
<b>31 March, 2021</b>					
Borrowings (Incl Current Maturities)*	2,920.39	528.43	1,941.76	477.64	2,947.83
Trade and other payables	4,716.65	4,716.65	-	-	4,716.65
Short Term Borrowings	7,505.05	7,505.05	-	-	7,505.05
Other Financial Liabilities	1,271.80	915.37	356.43	-	1,271.80
<b>31 March, 2020</b>					
Borrowings (Incl Current Maturities)*	2,882.92	573.96	1,802.14	538.11	2,914.21
Trade and other payables	3,867.41	3,867.41	-	-	3,867.41
Short Term Borrowings	8,962.63	8,962.63	-	-	8,962.63
Other Financial Liabilities	1,293.39	971.96	321.43	-	1,293.39

\*indicates actual outflow

### C Credit Risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the date of the balance sheet, as summarised in the table below. The Group periodically assesses the financial reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and Cash Equivalents	102.34	85.87
Other Bank Balances	282.70	227.31
Trade Receivables	6,719.70	4,960.24
Short Term Financial Assets	386.70	402.80
Long Term Financial Assets	287.23	185.28
	<b>7,778.67</b>	<b>5,861.50</b>

Credit risk on cash and cash equivalents is limited as they are generally invested in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Advances to Related Parties are for business purposes and the Group assesses the credit risk on these advances on a regular basis and does not foresee any event of default.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of IndAS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Group's large customer base. Adequate expected credit losses are recognized as per the assessments and as such has provided for a expected credit loss of Rs. 21.17 lakhs (31 March 2020 : Rs. 22.38 Lakhs)

### Ageing of Trade Receivable

Particulars	0-180 Days	Above 180 Days	Total
As on 31 March, 2021	-	-	-
As on 31 March, 2020	-	-	-
	-	-	-

**Reconciliation of Loss Allowance**

Particulars	As at 31 March 2021	As at 31 March 2020
Loss allowance in the beginning of the year	54.29	31.91
Add: Changes in allowance	21.17	22.38
<b>Loss allowance at the end of the year</b>	<b>75.46</b>	<b>54.29</b>

**65. Capital Management**

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

The Group manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plans. In order to maintain or adjust its capital structure, the Group may adjust the amount of dividends paid, return the capital to shareholders, issue new shares or adjust its short term borrowings. The current capital structure of the Group is equity based backed with borrowings.

**Reconciliation of Loss Allowance**

Particulars	As at 31 March 2021	As at 31 March 2020
Long Term Borrowings (incl Current Maturities)*	2,920.39	2,314.66
Short Term Borrowings	8,081.90	8,962.63
<b>Total Borrowings (A)</b>	<b>11,002.29</b>	<b>11,277.28</b>
As a percentage of total equity	67.34%	71.33%
<b>Total equity (B)</b>	<b>5,335.36</b>	<b>4,533.09</b>
As a percentage of total equity	32.66%	28.67%
<b>Total Capital (A+B)</b>	<b>16,337.64</b>	<b>15,810.38</b>

\* Taken Borrowings at amortised cost

**66. Additional information as required under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries**

Share of Net assets i.e total assets minus total liabilities	Percentage	Amount
Bal Pharma Limited	148.66%	7,931.77
Lifezen Healthcare Private Limited	-29.06%	(1,550.40)
Balance Clinics LLP	-0.09%	(5.03)
Bal Research Foundation	-0.23%	(12.49)
Golden Drugs Private Limited	-2.93%	(156.30)
Inter - Company eliminations	-16.35%	(872.20)
	<b>100.00%</b>	<b>5,335.36</b>

Share in profit/(Loss)	Percentage	Amount
Bal Pharma Limited	193.05%	909.70
Lifezen Healthcare Private Limited	-9.56%	(45.06)
Balance Clinics LLP	-1.05%	(4.96)
Bal Research Foundation	-2.65%	(12.49)
Golden Drugs Private Limited	-81.28%	(382.99)
Inter - Company eliminations	1.49%	7.02
	<b>100.00%</b>	<b>471.22</b>



Share of other comprehensive income	Percentage	Amount
Bal Pharma Limited	86.60%	8.84
Lifezen Healthcare Private Limited	13.40%	1.37
Balance Clinics LLP	0.00%	-
Bal Research Foundation	0.00%	-
Golden Drugs Private Limited	0.00%	-
	<b>100.00%</b>	<b>10.21</b>

Note: The above amounts / percentage of net assets and net profit or (loss) in respect of the Holding Company, and its subsidiaries, are determined based on the amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments.

As per our report of even date attached  
for **NSVM and Associates**  
Chartered Accountants  
Firm's registration number: 010072S

**G.C.S Mani**  
Partner  
Membership number: 036508

Place: Bengaluru  
Date: 29th June, 2021

for and on behalf of the board of directors of  
**Bal Pharma Limited**

**Shailesh Siroya**  
Managing Director  
DIN: 00048109

Place: Bengaluru  
Date: 29th June, 2021

**G Rengarajan**  
Chief Financial Officer

Place : Bengaluru  
Date: 29th June, 2021

**V Himesh**  
Whole Time Director  
DIN:08554422

Place: Bengaluru  
Date: 29th June, 2021

**Preeti Singh**  
Company Secretary  
MNo:A51854  
Place : Bengaluru  
Date: 29th June, 2021

## FINANCIAL SUMMARY - LAST 10 YEARS AT A GLANCE

(Rs In Lakhs)

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
<b>A. Sales and Earnings</b>										
Turnover	25200.08	17430.13	22582.53	21152.08	23201.45	20182.4	19066.95	18200.88	15024.67	14224.6
Profit Before Tax	979.61	-907.62	441.07	845.46	806.97	518.44	520.12	662.6	508.91	436.56
Tax	69.93	-17.44	-234.95	251.63	310.38	237.83	117.84	155.37	80.56	60.87
Profit After Tax	909.69	-920.6	676.02	593.83	496.59	280.6	402.28	507.23	428.35	375.69
"Retained Earning (Non Cumulative)"	918.53	-920.6	633.4	564.74	328.51	138.88	273.56	377.23	335.57	375.69
<b>B. Assets and Liabilities</b>										
Tangible Fixed Assets (Net)	4542.41	4974.44	5126.98	5381.59	5688.79	5525.65	4781	5055.9	4761.6	4766.55
Intangible Assets (Net)	722.74	639.09	567.1	446.87	466.41	462.29	486.65	486.56	508.7	564.44
Investments	839.6	741.69	744.19	744.19	117.5	117.51	109.5	1.5	1.5	1.5
Net Current Assets	4632.70	3251.92	4431.67	4814.67	2747.67	1382.67	1242	834.5	35.29	4928.12
Share Capital	1482.24	1417.24	1417.24	1417.24	1417.24	1287.24	1287.24	1287.24	1111.14	1057.36
Reserves	6449.52	5177.24	6268.7	5806.16	6127.47	5078.29	4800	4543.9	4107.5	3689.98
<b>C. Ratios</b>										
Earning Per share	6.41	-6.28	4.77	4.19	3.51	2.18	3.14	4.77	4.77	4.05
Dividend Per Equity Shares (%)	10	'-	10	10	10	10	10	10	7.5	'-
Book Value Per Equity	54	47	54	51	47.75	44.05	43.19	45.04	45.04	42.22



# Our Mission

A full fledged global player catering to the needs of medical fraternity and pharmaceutical industry

## Bal Unit - 1 Bangalore

- ◆ Plant commissioned in the year 1992
- ◆ WHO - GMP certified & ISO 9001:2000 approved
- ◆ Manufacture of finished dosage forms

## Bal Unit - 2 Bangalore

- ◆ Plant commissioned in the year 1996
- ◆ Multi purpose API facility approved as per WHO-GMP guidelines
- ◆ Manufacture R&D lab approved Department of Science & Technology

## Bal Unit - 3

with FFS Technology Pune

- ◆ Formulations plant modernized as per WHO-GMP Guidelines
- ◆ Manufacture of SVP & LVP by Form fill&seal technology

## Bal Unit - 4 Rudrapur

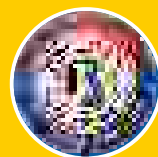
- ◆ State of the art plant designed for regulated markets in excise free zone
- ◆ API manufacturing facility for Tablets, Capsules and Ointments

## Bal Unit - 5 Sangli

- ◆ Multi Purpose API manufacturing facility approved as per WHO-GMP guidelines
- ◆ Specializes in manufacture of Intermediates, which supplements Unit 2 production requirements

## Bal Unit - 6 Udaipur

- ◆ Golden Drugs Private Ltd, a wholly owned subsidiary of Bal Pharma Ltd acquired during FY 17.18.
- ◆ WHO-GMP certified API manufacturing facility expected to commence production shortly



## BAL PHARMA LIMITED

CIN# L85110KA1987PLC008368

Corporate Office: 5th Floor, Lakshmi Narayan Complex, 10/1, Palace Road, Bangalore - 560 052, India.

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