

**REGISTERED NUMBER: 04596349 (England and Wales)**

Strategic Report, Report of the Directors and  
Audited Financial Statements for the Year Ended 31 March 2020  
for  
Accord Healthcare Ltd

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Accord Healthcare Ltd

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for the Year Ended 31 March 2020

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Accord Healthcare Ltd

Company Information  
for the Year Ended 31 March 2020

**DIRECTORS:**

Dr J Burt  
Mr B H Chudgar  
Mr A L Cordrey  
Lord J K Gadhia  
Mr J G Goddard  
Mr P Tredwell  
Mr N Parmar  
Mr P Semmens

**SECRETARY:**

Mr A Webb

**REGISTERED OFFICE:**

Sage House  
319 Pinner Road  
North Harrow  
Middlesex  
HA1 4HF

**REGISTERED NUMBER:**

04596349 (England and Wales)

**AUDITORS:**

Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol  
BS1 6BX

## Accord Healthcare Ltd

### Strategic Report

for the Year Ended 31 March 2020

The Directors present their strategic report of Accord Healthcare Limited (also referred to as "Accord" or "the Company") for the financial year ended 31 March 2020 ("FY 2019/20"). The Group comprises Accord Healthcare Limited and its European and Rest of World subsidiaries (and is herein referred to as "Accord Europe" or "the Group"). As the Company is the European headquarters of its wholly owned subsidiaries, the strategic report covers the company affairs as well as its group. However, the financial statement is pertaining to the company as the directors have claimed the exemption under Section 401 of companies act not to present the consolidated financial statements (refer to Note 1).

### **REVIEW OF BUSINESS**

During the year the company maintained its position through its subsidiaries as a leading supplier of generic medicines in the UK, responsible for around 20% of UK generic prescription pharmaceuticals, and continued the rapid growth of its European business. The company net turnover is £197 million as compared to £253 million in FY 2018/19. The reduction in turnover is mainly due to change of supply route to the respective EMENA countries directly by Intas.

Since December 2019 the Company has been working on ensuring it could continue to supply medicines throughout Europe, despite the impacts of the COVID-19 pandemic. The wider Group was able to enact its business continuity plans, which allowed it to react and adapt its businesses to best ensure that countries were effectively supported with medicines supply. This involved leveraging the global nature of the Intas group and working with national authorities as required in a fast and rapidly changing situation. Medicines were able to be supplied where demand existed, and need was greatest. The Group continued to make significant investments to increase jobs and pharmaceutical manufacturing volumes in the EU and, in particular, in the UK.

The Company continued the further investment in the Fawdon manufacturing site in equipment and capacity expansion to support production of greater volumes of prescription medicines for the UK and increasingly for export to Europe. This activity promises to secure significant Science, Technology, Engineering and Mathematics (STEM) job creation in the North East of England for many years to come. The site, which was recovered after previously being shut down by prior owners, is now operational providing complex medical device assembly, injectable product labelling and packaging, large volume packing operations, significant Research and Development capabilities and testing laboratories.

The workforce on the Fawdon site was increased by in excess of 100 roles in the fiscal period. Successful relocation of the Haverhill operations to Fawdon was completed on time in addition to further strategic investment in sterile manufacture including associated microbiology and oncology laboratories.

The Company & Group continued to invest in its Medicines and Healthcare products Regulatory Agency ('MHRA') approved distribution centre in Didcot and completed an automation project which now supplies 2.5 million packs per day predominantly to the UK market. Thus ensuring best in class supply capability whilst the site is believed to be the largest manufacturer owned distribution centre in the UK. The capability has had significant positive impact on the supply of key medicines during the COVID-19 pandemic.

Operations and supply chain also successfully implemented the new falsified medicines legislation for all products to be individual and uniquely serialised and the associated integration and upload of data to the European and national data bases to allow the fast detection of counterfeits and thereby increase security in the supply chain. The impact of the changes on operational efficiencies has been minimal.

Accord was honoured to receive two awards from the Generics Bulletin, namely for the 'Value Added Medicine Initiative of the Year' and 'Legal Strategy of the Year' in 2019; these are prestigious industry awards adjudicated by a selection panel comprising senior figures from the pharmaceutical industry. The company also received the Grant Thornton award for the most constantly growing company since 2014 and was recognised in the UK pharmaceutical marketing awards for best marketing campaign.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

### **COVID-19**

The spread of COVID-19 has required the Company to enact significant business continuity measures and plans across its entire operations. This has meant closure of office facilities whilst continuing to operate critical manufacturing and distribution facilities. The Company transitioned to the impacts of the pandemic by enacting a wide variety of measures which were taken to contain any potential spread of the virus within the operations of the Company. This included travel bans, office closures, social distancing measures, working in team shifts, increased hygiene and cleaning measures, use of personal protective equipment and ensuring employees that were able to work from home did so. The core aim of this was to ensure that employees were able to work in an environment which minimised risk to themselves and business disruptions.

As the Company & Group is an integral part of the UK medicines supply chain and also a major supplier to European markets it was important that all measures enacted were able to best ensure the continued supply of critical medicines to where demand was needed. The Group was a leading voice in creating an industry wide approach for the provision of medicines required for mechanical ventilation and assisted European healthcare systems understand their demand changes by generating and sharing a complex epidemiological model that had been developed by the Accord scientific affairs team. The company has worked closely with the European agencies and associations to fast track regulatory procedures to ensure that critical medicines have been available to patients.

The duration and impact of the COVID-19 pandemic is still being continuously assessed and the Company continues to monitor, adapt and change its business models and operations as required. The Company constantly assesses its cash and liquidity positions and, where it has made commercial sense, has accessed local government or central bank programmes while maintaining a close dialogue with its banks and with its parent company. The Group operates in a wide range of countries and is monitoring all of its customers for the risk of defaults. It has various different programmes in place to manage the risks of default and as at the date of this report had not seen significant impacts.

The Company has been closely monitoring levels of sickness and took a deliberate decision to hire additional manufacturing headcount in both its Barnstaple and Fawdon operations to ensure coverage where there may have been high levels of sickness or self-isolation. This has worked well with these sites delivering an increase in 100 million doses of essential medicines in a month. The Company plans have led to minimal impacts across its business due to employee issues. The Company has not currently made any redundancies due to COVID-19, however it does continue to monitor the effectiveness of all of its businesses and employees. The Company currently believes it has the relevant funding and support from its parent company to be treated as a going concern.

### **Brexit**

A key area of risk remains the uncertainty around the UK's future trading relationship with the European Union (EU) following the end of the Brexit transition period. One element of uncertainty is the future level of recognition between the regulatory bodies concerning pharmaceutical Marketing Authorisations ("MAs") and each jurisdiction's testing and Qualified Person release activities. Work undertaken during the last year has best ensured the Group is prepared for all eventualities in these areas, even in the worst-case scenario of no mutual recognition and full regulatory separation at the end of December 2020. The Company/Group has secured continental European testing laboratory services for all principal products along with qualified person release. The Group has invested in expanding its import licenses to facilitate expansion of shipments directly to continental Europe, thereby enabling the removal of the UK from the logistic route for goods manufactured outside of the 27 remaining EU states. The Group has also completed the filing of all variations required to change each required EU MA to being held by a corporate entity resident within the EU 27.

As a result of these activities the Company/Group is well prepared for the end of the Brexit transition period, whenever that may occur and, although there could be contingent supply volatility within individual markets resultant from other competitors not being as well prepared, the Group is well placed and prepared for those possible impacts. It is worth noting that the implementation of the Company/Group's Brexit preparedness activities has resulted in significant costs, for example the cost of regulatory variations, site transfer of testing and destruction of redundant packaging materials. There have been some impacts to timely availability of certain product lines while packaging materials were updated, although this impact is dissipating.

## Accord Healthcare Ltd

### Strategic Report (continued) for the Year Ended 31 March 2020

#### **Regulatory Audits**

There appears to have been an increase in the number of Good Manufacturing Practice (GMP) audits being performed by regulators in recent years. Accord and its parent group, Intas Pharmaceuticals Limited, have performed well and have successfully concluded all inspections to date. However, this has not been the case for some of our competitors who have had their GMP manufacturing approvals suspended. The Group continues to be at the forefront of addressing the unprecedented level of UK supply outages that have impacted the availability of essential medicines to the detriment of patients.

#### **Falsified Medicines Directive**

The EU Falsified Medicines Directive (FMD) legislation designed to prevent circulation of counterfeit medicines came into force shortly before the start of the period and the Group was ready to supply at the inception date of 9 February 2019. Nevertheless, in many cases Competent Authorities introduced implementation grace periods. As these grace periods concluded during the last year there was some risk of impact on the availability of medicines in Europe, however the Group has managed the situation well and is fully compliant to the new requirements across all production lines. The implementation of the equipment and systems required for FMD has resulted in significant capital expenditure for the Group, as well as reducing availability and raising the unit cost of products. There was also an exceptional load placed on changing product packaging materials to meet the new requirements, all such changes were completed in the year.

The impact of Brexit on FMD is under discussion with the BGMA and MHRA. There are discussions that the UK may have its own system. Any UK products which are "exported" to the EU will require FMD.

#### **Competition Authorities**

The Competition and Markets Authority ('CMA') has continued its investigations into matters relating to the pricing and supply of Hydrocortisone tablets in the UK. The timing of any decision on these matters by the CMA remains uncertain. However, should the CMA decide to impose a fine on Accord, its subsidiary Accord-UK Ltd and /or their parent company, these entities may appeal the fine.

#### **Competition**

The Company/Group continued to experience competition from several companies. This competition may take the form of new products and services that better meet healthcare needs and competitors who respond more quickly to client requirements. In addition, competitors may have greater financial or technical resources than the Group. In order to mitigate this, the Group maintains a careful watching brief on its competitors to enable it to react quickly to any changes in circumstance or technical developments. In addition, the opportunity to acquire additional technologies is monitored on an on-going basis to ensure that the Company/Group can maintain a competitive and diversified portfolio of products. The Company/Group is also focused on developing existing products for utilisation in new and innovative ways to meet client needs while achieving differentiation. The above activities are mainly conducted by the Group's parent company, Intas Pharmaceuticals Limited, and Accord's subsidiary, Accord-UK Limited.

#### **Availability of capital and cash flow**

To enable the Company/Group to progress through further stages of development, additional capital is either raised by the parent company or directly by the Company/Group which supports the working capital and investment requirements of the Company/Group. However, the availability of such facilities depends on the trading prospects of the Company/Group and the Group continues to explore all sources of capital funding to ensure it is best placed to be able to deliver the right capital structure to support its continued growth and development.

#### **Key management**

The Company/Group depends on its senior management, who have a wealth of industry knowledge. The Company/Group employs key technical, sales, marketing and management personnel both in the UK and overseas. However, competition for recruiting and retaining such personnel can be intense, hence the Company/Group cannot give assurances that it will be able to attract or retain such staff. The Remuneration Committee annually reviews the appropriate remuneration structure and maintains the remuneration at market levels. We have dedicated recruitment processes in place ensuring that required skills are available as required. There is a dedicated training and development function in place, and the Company/Group maintains an academy approach to develop staff particularly in certain technical areas. In addition, internal review processes have been established to ensure, as far as possible, that employees are motivated and that suitable remuneration structures are in place.

### **Delivery**

The Company/Group depends on effective and timely delivery of its products and services to clients. Technology failure and/or failure to deliver promised services in a timely and efficient manner in accordance with the contractual terms could have a significant impact on the reputation of the Company/Group and hence future growth. In accordance with tender processes, all potential contracts are subject to risk assessment to ascertain capacity to supply, intellectual property compliance, available internal resource and timeline of delivery. A project plan is formulated to ensure that, should the contract be obtained, the Company/Group is able to deliver the project in accordance with the contract terms.

### **Claims by third parties**

While the Directors believe that the Company/Group's products and other intellectual property do not infringe upon the proprietary rights of third parties, there can be no assurance that the Company/Group will not receive infringement claims from third parties which could be both costly and time consuming. Where appropriate the Company/Group will confirm the validity of its intellectual property via patent and trademark searches and will robustly defend such claims if appropriate.

### **System failures and breaches of security**

The operation of the Company/Group's business depends upon maintaining the integrity of the Company/Group's communication and information technology systems which may be vulnerable to damage, breakdown or interruption from events which are beyond the Company/Group's control. The systems are backed up on a regular basis and appropriate investment is made in the infrastructure to maintain appropriate standards of integrity and security.

## **BUSINESS MODEL**

The Company/Group remains committed to improving lives by improving access to high quality affordable medicines. The Company/Group has direct infrastructure in the vast majority of EU markets and continues to use exclusive distribution partners in select markets. This situation is undisturbed by Brexit or the end of the transition period. The Company/Group's European region commercial strategy involves activity in three principal channels:

### **1. Hospital Generics:**

The Company/Group continues to leverage its complete EU footprint. The business strives to improve service levels via enhancements to its 'Sales and Operational Planning' (S&OP) process and the development of a more flexible supply approach via investments made in European based packing, warehousing and testing facilities.

### **2. Retail Generics:**

The structure of European markets for retail generics falls into either a 'commercial substitution' or 'clinical substitution' model. In commercial substitution markets the Company/Group continues to expand its portfolio rapidly and leverage the significant UK operation with key integrated healthcare providers. The Company/Group aims to improve service levels via rigorous S&OP and European packing operations. In select clinical substitution markets the Company/Group is investing in clinical sales and marketing headcount, to better support healthcare professionals in target therapeutic segments.

### **3. Specialty Pharmaceutical Products:**

The Company/Group has focused its activity linked to its European pipeline of novel medicines into five key therapeutic segments. Many of the target products are designated 'Biologics'; a newer wave of medical treatments that are having a great impact on healthcare budgets and patient outcomes. Biosimilars are versions of these medicines that can be brought to market after patents expire and are considered critical to introduce competition and ensure access to affordable versions of these treatments. As an exemplar, the Company/Group was the first to commercialise a Biosimilar Peg-Filgrastim, a molecule designed to treat key side effects associated with some types of chemotherapeutic treatments. The development of this product had been prosecuted by the Company/Group for over 10 years. The barriers to entry are high; clinical trials must be completed as well as significant investments in technology and plant.

The Company/Group has a significant further pipeline of biosimilar molecules under development or undergoing clinical trials and aims to bring these essential technologies to market to improve patient access and manage costs. The Company/Group is actively augmenting its in-house portfolio via investments in licensing deals with partner companies and also acquisitions where appropriate.

### **KEY PERFORMANCE INDICATORS**

FY 2019/20 was a strong year of growth in net revenues in the region. The Company/Group continues to be a major player within the generic hospital segment; and is now one of the top 10 suppliers of such products across Europe by turnover. The Company/Group also remains the largest EU provider of generic chemotherapy by volume, ensuring affordable access to vital cancer treatment. Growth in retail generics continues to be challenging but expectations are that retail volume will nearly double over the next few financial years. Analysis performed internally indicates that the Company/Group remains a top 10 generic player in several EU markets and is ranked as a top 10 generic company by turnover on a pan-Europe basis.

Price pressure has been notable and the average price of a pack of medicine supplied by the Company/Group in the UK has fallen by nearly 20% since January 2017, with the average price of a pack sold now below £1.10.

Accord has invested to create a significant number of product approvals and now has over 10,000 MAs granted in the region. The Company/Group continues to improve the utilisation of the portfolio and this is a key performance metric. Launch excellence is another key metric and the Company/Group will again launch a record number of new products in Europe over the next 12 months, including a large number of added value or novel products.

The progressing into specialty pharmaceuticals continues positively with Accord's Peg-Filgrastim being the most successful long acting GCSF biosimilar in FY 19/20, coupled with Accords Short acting GCSF moving to be the 2nd placed. The development of the competency in markets to sell and market these speciality products has moved significantly, and product launches are planned for the next 10 years in this space.

### **FINANCIAL INSTRUMENTS**

The Company/Group's principal financial instruments include bank balances, bank loan, creditors, debtors and amounts owed to the parent company. The main purpose of these instruments is to raise funds and finance the operations of the Company/Group. Due to the nature of the financial instruments used by the Company/Group, there is no exposure to price risk. The Company/Group's approach to managing other risks applicable to financial instruments is disclosed below.

The interest rate associated with the Company/Group's bank loan is based on fixed margin and LIBOR/EURIBOR. There is no risk management in place as far as any LIBOR/EURIBOR rate fluctuations are concerned. As the bank loan is in GBP there are no foreign currency risks associated with bank loans. The liquidity risk is managed by maintaining balances with the ultimate parent company to ensure sufficient funds are available to meet the requirements of the Company/Group's business. The Company/Group maintains sufficient balances to meet the day to day requirements of the business.

Debtors are managed in respect of credit and cash flow risk in respect of credit offered to customers.

Creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

There are foreign currency exchange risks arising from purchases and sales in foreign currency. The Company/Group does not hedge against foreign currency risk and uses its parent company's treasury function for support.

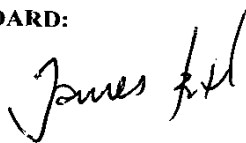
### **FUTURE DEVELOPMENTS**

The Company/Group is investing in upgrading its business systems, notably in areas such as Medical/Scientific Affairs, Clinical Development, Medical Representatives, Finance, Supply Chain, Regulatory and Quality Assurance. Significant investment continues to be committed to harmonising to a common ERP to service our financial system requirements throughout Europe. Several more countries came on line in FY 2019/20 with conclusion of the program anticipated during the coming fiscal year.

During the coming year, it is envisaged that the number of people employed by the Company/Group within the region will increase as necessary to help service the Company/Group's growth.

### **ON BEHALF OF THE BOARD:**

Dr James Burt - Director



25 September 2020



## Accord Healthcare Ltd

### Report of the Directors for the Year Ended 31 March 2020

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of acquiring and holding licences for the manufacture and distribution of wholesale pharmaceutical products and to act as a holding company.

#### **DIVIDENDS**

No dividend will be distributed for the year ended 31 March 2020.

#### **RESEARCH AND DEVELOPMENT**

One of the Group subsidiaries, Accord-UK Limited, is engaged in research and development activities. These include new technologies, transfers and methods to achieve efficiencies in areas such as manufacturing, packing and testing. Accord-UK Limited is also engaged in strengthening and extending formulations of older molecules.

The remaining companies in the Group do not engage in any research and development as this work is performed by the ultimate parent company, Intas Pharmaceutical Limited.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

Dr J Burt  
Mr B H Chudgar  
Mr A L Cordrey  
Lord J K Gadhia  
Mr J G Goddard  
Mr P Tredwell (Appointed 7 June 2019)  
Mr N Parmar  
Mr P Semmens

#### **FOREIGN BRANCHES**

The company operated branches in Philippines, Myanmar and Vietnam during the year.

#### **INDEMNITY INSURANCE**

An indemnity insurance policy is in place for the board of directors of the company at the time of approval of these financial statements.

#### **EMPLOYEES**

The directors endeavour to ensure that as far as possible all employees inclusive of disabled employees are given proper training to perform their duties. Should any of the employees become disabled during their term of employment then every effort is made to ensure that their employment is continued, and appropriate retraining is given to such employees.

The group operates a bonus scheme in order to encourage the involvement of employees in the company's performance. The group also encourage employees on career development and training based on their needs.

The group is committed to its adopted safety practices, which have enabled it to maintain high standards of health and safety for the benefit of employees, customers and the general public.

Accord Healthcare Ltd

Report of the Directors (continued)  
for the Year Ended 31 March 2020

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**S172 STATEMENT**

Companies with financial year end post 1 January 2019 must comply with the new requirement of reporting how Directors have fulfilled their duty under section 172 of the Companies Act 2006 (the 'Act'). Accordingly, the Company Directors hereby confirm we have complied with the provisions of the Act and, consistent with the size and complexity of the business, make this declaration in good faith. We believe we have acted and made decisions in a way considered most likely to promote the success of the Company for the benefit of its members. In doing so, we gave regard to:

- The likely long-term consequences of any decision
- The interest of the company's employees
- The need to foster the Company's business relationships with suppliers, customers and other stakeholders
- The impact of the Company's operations on the community and environment
- The Company's desire to maintain a reputation for business conduct of a high standard and
- The need to act fairly between all members of the Company.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**BY THE ORDER OF THE BOARD:**



Mr A Webb - Secretary  
25 September 2020

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ACCORD HEALTHCARE LIMITED**

### **Opinion**

We have audited the financial statements of Accord Healthcare Limited for the year ended 31 March 2020 which comprise the statement of profit and loss, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes 1 to 30, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter**

We draw attention to Note 1 of the financial statements, which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting supply chains, consumer demand, financial markets, personnel available for work and or being able to access offices. Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

The notes form part of these financial statements

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ACCORD HEALTHCARE LIMITED (Continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

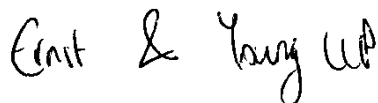
### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Howarth (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Bristol  
25 September 2020

Accord Healthcare Ltd

Statement of Profit or Loss and Other Comprehensive Income  
for the Year Ended 31 March 2020

	Notes	31.3.20 £'000	31.3.19 £'000
<b>CONTINUING OPERATIONS</b>			
Revenue	3	197,185	253,732
Cost of sales		<u>(139,330)</u>	<u>(200,039)</u>
<b>GROSS PROFIT</b>		57,855	53,693
Distribution costs		(8,139)	(6,483)
Administrative expenses		<u>(59,219)</u>	<u>(66,898)</u>
<b>OPERATING LOSS</b>		(9,503)	(19,688)
Finance costs	5	(27,175)	(26,012)
Finance income	5	<u>67,362</u>	<u>50,918</u>
<b>PROFIT BEFORE INCOME TAX</b>	6	30,684	5,218
Income tax	8	<u>3,254</u>	<u>8,133</u>
<b>PROFIT FOR THE YEAR</b>		33,938	13,351
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>			
<b>FOR THE YEAR</b>		<u><u>33,938</u></u>	<u><u>13,351</u></u>

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The notes form part of these financial statements

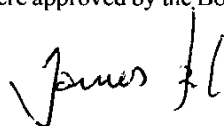
Accord Healthcare Ltd (Registered number: 04596349)

Statement of Financial Position  
31 March 2020

	Notes	31.3.20 £'000	31.3.19 £'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	28,613	16,630
Property, plant and equipment	10	29,074	19,639
Right to use		998	-
Investments	11	608,198	590,854
Deferred tax	20	3,826	8,482
		<u>670,709</u>	<u>635,605</u>
<b>CURRENT ASSETS</b>			
Inventories	12	35,635	25,698
Trade and other receivables	13	118,474	147,571
Cash and cash equivalents	14	252	1,533
		<u>154,361</u>	<u>174,802</u>
<b>TOTAL ASSETS</b>		<u>825,070</u>	<u>810,407</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	15	38,816	38,816
Deemed capital contribution	16	3,025	2,025
Retained earnings	16	20,538	(19,820)
<b>TOTAL EQUITY</b>		<u>62,379</u>	<u>21,021</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	500,675	544,586
		<u>500,675</u>	<u>544,586</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	98,713	138,114
Financial liabilities - borrowings			
Bank overdrafts	18	5,716	-
Interest bearing loans and borrowings	18	157,587	106,686
		<u>262,016</u>	<u>244,800</u>
<b>TOTAL LIABILITIES</b>		<u>762,691</u>	<u>789,386</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>825,070</u>	<u>810,407</u>

The financial statements were approved by the Board of Directors on 25 September 2020 and were signed on its behalf by:

Dr James Burt - Director



The notes form part of these financial statements

Accord Healthcare Ltd

Statement of Changes in Equity  
for the Year Ended 31 March 2020

	Called up share capital £'000	Retained earnings £'000	Deemed capital contribution £'000	Total equity £'000
<b>Balance at 1 April 2018</b>	38,816	(33,171)	480	6,125
<b>Changes in equity</b>				
Total comprehensive Income	-	13,351	1,545	14,896
Prior year adjustment	-	6,420	-	6,420
<b>Balance at 31 March 2019</b>	<u>38,816</u>	<u>(13,400)</u>	<u>2,025</u>	<u>27,441</u>
<b>Changes in equity</b>				
Total comprehensive Income	-	33,938	1,000	34,938
<b>Balance at 31 March 2020</b>	<u>38,816</u>	<u>20,538</u>	<u>3,025</u>	<u>62,379</u>

The notes form part of these financial statements

**Accord Healthcare Ltd**

**Statement of Cash Flows**  
**for the Year Ended 31 March 2020**

	Notes	31.3.20 £'000	31.3.19 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	(6,885)	28,563
Interest paid		(25,389)	(25,389)
Tax paid		<u>7,910</u>	<u>13,629</u>
Net cash from operating activities		<u>(24,364)</u>	<u>16,803</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(12,982)	(11,297)
Purchase of tangible fixed assets		(12,335)	(7,183)
Dividend received		<u>63,175</u>	<u>50,918</u>
Net cash from investing activities		<u>37,858</u>	<u>32,438</u>
<b>Cash flows from financing activities</b>			
Net movement in loan		(20,491)	(52,262)
Net cash from financing activities		<u>(20,491)</u>	<u>(52,262)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(6,997)</u>	<u>(3,021)</u>
<b>Cash and cash equivalents at beginning of year</b>	27	<u>1,533</u>	<u>4,554</u>
<b>Cash and cash equivalents at end of year</b>	27	<u><u>(5,464)</u></u>	<u><u>1,533</u></u>

The notes form part of these financial statements



## 1. **STATUTORY INFORMATION**

Accord Healthcare Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page. The presentation currency of the financial statements is the Pound Sterling (£).

Accord Healthcare Limited (the "Company") is a company incorporated and domiciled in the UK. The company is exempt by virtue of S401 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The company's ultimate parent undertaking, Intas Pharmaceuticals Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Intas Pharmaceuticals are prepared in accordance with the Indian Accounting Standards which is not materially different to International Financial Reporting Standards.

## 2. **ACCOUNTING POLICIES**

### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations as adopted by the European Union (IFRS) and with the Companies Act 2006.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group Management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed below.

### **Basis of measurement**

The financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial instruments fair value through profit or loss
- Net defined benefit liability

### **Going concern**

The Company is a distributor for its parent company, Intas Pharmaceuticals Limited and acts as a holding company for its European subsidiaries. Its liabilities have been guaranteed by the parent in the form of a parental letter of support which includes all long-term loans and borrowings. The directors of the parent company have, at group level, carried out a detailed analysis covering its financial position, availability of cash and borrowings, covenant compliance as well as base case and downside scenarios with reverse stress testing for cash and covenant compliance under both. As the group provides essential services, its trading results have remained stable and in line with expectations. Following the analysis, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

### **Amendment to the financial statements**

Under Companies Act 2006, S454, the company directors can voluntarily amend these financial statements if they subsequently prove to be defective.

### **Critical accounting estimates and judgements**

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**Judgements:**

**Patents and licence**

The patents and licences are expected to have more than 10 years of useful economic life. However, it is not possible to calculate the useful economic life with certainty. Hence, they are amortised over 3-15 years.

**Depreciation Rate**

Annual rates applied in the depreciation policies are based on experience and past performance. Rates are continuously under assessment which may lead to revision in the future.

**Interest rate**

EURIBOR/ LIBOR are not expected to change rapidly and therefore no hedging has been made against interest rate fluctuations.

**Taxation and deferred taxation**

The company is subject to income taxes in the UK. At each financial year end, judgement is required in determining the provision for income taxes. The company recognises liabilities for anticipated tax issues based on the best estimates at the balance sheet date.

Determining the deferred tax on non-current assets and liabilities requires an element of judgement. The company recognises deferred tax assets and liabilities based on the best estimate at the balance sheet date.

Where the final tax outcome of the above matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the year in which such determination is made. The final outcome of some of these tax items may give rise to material income statement and/or cash flow movements.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Revenue includes revenue earned from the sale of goods and from the rendering of services.

**Sale of goods**

Revenue from the sale of pharmaceutical products is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

**Rendering of services**

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Revenue is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

**Externally acquired intangible assets**

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. Any product registration fees are written off to profit and loss account.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The significant intangibles recognised by the group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Patents and licences cost 3- 15 years.

**2. ACCOUNTING POLICIES - continued**

**Property, plant and equipment**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 10% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

**Inventories**

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Inventories are initially recognised at cost and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

**Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
  - The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
  - Investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.
- Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

**2. ACCOUNTING POLICIES - continued**

**Foreign currency translation**

Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in the profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

**Leases**

The company has adopted IFRS 16 and has recognised within the balance sheet a right of use asset and lease liability for all applicable leases. Within the Income Statement, rent expense have been replaced by depreciation and interest expense

**Defined contribution schemes**

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

2. **ACCOUNTING POLICIES - continued**

**Financial assets**

From time to time, the company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

*Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position*

**Financial liabilities:**

The company's financial liabilities include the following.

Bank borrowings and borrowings through holding company are initially recognised at fair value net of any transaction costs *directly attributable to the issue of the instrument*. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method (if applicable).

**Share capital**

The Company's ordinary shares are classified as equity instruments.

**Dividends**

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

**Investment in subsidiaries**

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

**Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Cash and cash equivalents**

Cash and cash equivalent include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdraft. Bank overdrafts are shown within borrowings in current liabilities.

**Notes to the Financial Statements - continued**  
for the Year Ended 31 March 2020

**3. REVENUE**

**Segmental reporting**

The revenue and profit before taxation are attributable to the one principal activity of the group.

An analysis of Revenue by class of business is given below:

	31.03.2020	31.03.2019
	£'000	£'000
Sale of goods	180,084	249,955
Rendering of services	17,101	3,776
	<u>197,185</u>	<u>253,731</u>

An analysis of turnover by geographical market is given below:

	31.03.2020	31.03.2019
	£'000	£'000
United Kingdom	57,283	63,823
Europe	139,292	183,108
Asia	610	4,018
Rest of the world	-	2,782
	<u>197,185</u>	<u>253,731</u>

**4. EMPLOYEES AND DIRECTORS**

	31.3.20	31.3.19
	£'000	£'000
Wages and salaries	22,765	17,953
Social security costs	2,614	2,116
Other pension costs	877	339
	<u>26,256</u>	<u>20,408</u>

The average number of employees during the year was as follows:

	31.3.20	31.3.19
Production, Regulatory & quality control	196	236
Sales and marketing	63	36
Office and administration	76	54
	<u>335</u>	<u>326</u>

	31.3.20	31.3.19
	£	£
Directors' remuneration	1,894	1,826
Directors' pension contributions to defined contribution scheme	37	46

Information regarding the highest paid director is as follows:

	31.3.20	31.3.19
	£	£
Emoluments	1,045	1,008
Directors' pension contributions to defined contribution scheme	-	10

**Key management compensation.**

During the year, a total of key management personnel compensation of £2,484,000 (2019: £2,327,000) was paid.

Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

5. **NET FINANCE INCOME**

	31.3.20 £'000	31.3.19 £'000
Finance income:		
Gain/loss on restructuring of investments	2,400	--
Dividend income - Shares in group undertakings	63,175	50,918
Other interest received	<u>1,787</u>	<u>-</u>
	<u>67,362</u>	<u>50,918</u>
Finance costs:		
Bank interest	1,035	2
Interest on other loans	26,105	25,387
Leasing	<u>35</u>	<u>-</u>
	<u>27,175</u>	<u>25,389</u>
Net finance income	<u>40,187</u>	<u>25,529</u>

6. **PROFIT BEFORE INCOME TAX**

The profit before income tax is stated after charging:

	31.3.20 £'000	31.3.19 £'000
Cost of inventories recognised as expense	139,332	200,039
Other operating leases	38	237
Depreciation - owned assets	3,915	1,703
Patents and licences amortisation	685	485
Foreign exchange differences	<u>744</u>	<u>9,394</u>

7. **AUDITORS' REMUNERATION**

	31.3.20 £'000	31.3.19 £'000
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	<u>85</u>	<u>157</u>

8. **INCOME TAX**

**Analysis of tax income**

	31.3.20 £'000	31.3.19 £'000
Current tax:		
Tax	(7,910)	(7,208)
Deferred tax	<u>4,656</u>	<u>(925)</u>
Total tax income in statement of profit or loss and other comprehensive income	<u>(3,254)</u>	<u>(8,133)</u>

Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

8. **INCOME TAX - continued**

**Factors affecting the tax expense**

The tax assessed for the year is lower (2019 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.20 £'000	31.3.19 £'000
Profit (loss) before income tax	<u>30,684</u>	<u>5,218</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	5,830	991
Effects of:		
Expenses not deductible for tax purposes	1,310	153
Movement on recognised deferred tax	3,051	-
Prior period tax adjustment	11	186
Non-taxable income - dividend	(12,003)	(9,674)
Non-taxable income – other	(456)	(787)
Change in tax rates	<u>(997)</u>	<u>998</u>
Tax charge	(3,254)	(8,133)



Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**9 INTANGIBLE ASSETS**

	Patents and licences £'000
<b>COST</b>	
At 1 April 2019	17,362
Additions	12,982
Impairment	<u>(314)</u>
At 31 March 2020	<u>30,030</u>
<b>AMORTISATION</b>	
At 1 April 2019	732
Amortisation for year	<u>685</u>
At 31 March 2020	<u>1,417</u>
<b>NET BOOK VALUE</b>	
At 31 March 2020	<u>28,613</u>

	Patents and licences £'000
<b>COST</b>	
At 1 April 2018	6,065
Additions	<u>11,297</u>
At 31 March 2019	<u>17,362</u>
<b>AMORTISATION</b>	
At 1 April 2018	247
Amortisation for year	<u>485</u>
At 31 March 2019	<u>732</u>
<b>NET BOOK VALUE</b>	
At 31 March 2019	<u>16,630</u>

Amortisation of patents and licences is included in cost of sales.

Accord Healthcare Ltd  
Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

10. **PROPERTY, PLANT AND EQUIPMENT**

	Freehold property £'000	Short leasehold £'000	Plant and machinery £'000
<b>COST</b>			
At 1 April 2019	7,506	-	15,150
Additions	<u>159</u>	<u>1,269</u>	<u>11,664</u>
At 31 March 2020	<u>7,665</u>	<u>1,269</u>	<u>26,814</u>
<b>DEPRECIATION</b>			
At 1 April 2019	626	-	3,971
Charge for year	<u>177</u>	<u>271</u>	<u>1,916</u>
At 31 March 2020	<u>803</u>	<u>271</u>	<u>5,887</u>
<b>NET BOOK VALUE</b>			
At 31 March 2020	<u>6,862</u>	<u>998</u>	<u>20,927</u>

	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
<b>COST</b>				
At 1 April 2019	590	44	1,895	25,185
Additions	35	-	222	13,349
Disposals	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>
At 31 March 2020	<u>625</u>	<u>43</u>	<u>2,117</u>	<u>38,533</u>
<b>DEPRECIATION</b>				
At 1 April 2019	392	25	532	5,546
Charge for year	<u>72</u>	<u>6</u>	<u>473</u>	<u>2,915</u>
At 31 March 2020	<u>464</u>	<u>31</u>	<u>1,005</u>	<u>8,461</u>
<b>NET BOOK VALUE</b>				
At 31 March 2020	<u>161</u>	<u>12</u>	<u>1,112</u>	<u>30,072</u>

	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000
<b>COST</b>			
At 1 April 2018	7,421	9,570	429
Additions	<u>85</u>	<u>5,580</u>	<u>161</u>
At 31 March 2019	<u>7,506</u>	<u>15,150</u>	<u>590</u>
<b>DEPRECIATION</b>			
At 1 April 2018	469	2,885	317
Charge for year	<u>157</u>	<u>1,086</u>	<u>75</u>
At 31 March 2019	<u>626</u>	<u>3,971</u>	<u>392</u>
<b>NET BOOK VALUE</b>			
At 31 March 2019	6,880	11,179	198

Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

10. **PROPERTY, PLANT AND EQUIPMENT - continued**

	Motor vehicles £'000	Computer equipment £'000	Totals £'000
<b>COST</b>			
At 1 April 2018	21	560	18,001
Additions	<u>23</u>	<u>1,335</u>	<u>7,184</u>
At 31 March 2019	<u>44</u>	<u>1,895</u>	<u>25,185</u>
<b>DEPRECIATION</b>			
At 1 April 2018	21	151	3,843
Charge for year	<u>4</u>	<u>381</u>	<u>1,703</u>
At 31 March 2019	<u>25</u>	<u>532</u>	<u>5,546</u>
<b>NET BOOK VALUE</b>			
At 31 March 2019	<u>19</u>	<u>1,363</u>	<u>19,639</u>

11. **INVESTMENTS**

	Shares in group undertakings £'000
<b>COST</b>	
At 1 April 2019	590,854
Additions	51,806
Disposals	<u>(34,463)</u>
At 31 March 2020	<u>608,198</u>
<b>NET BOOK VALUE</b>	
At 31 March 2020	<u>608,198</u>
	Shares in group undertakings £'000
<b>COST</b>	
At 1 April 2018 and 31 March 2019	<u>590,854</u>
<b>NET BOOK VALUE</b>	
At 31 March 2019	590,854

## Accord Healthcare Ltd

### Notes to the Financial Statements - continued for the Year Ended 31 March 2020

#### **11. INVESTMENTS - continued**

	Subsidiary Name	Country of Incorporation	Status
1	Accord Healthcare BV	Netherlands	Sub-Subsidiary
2	Accord Healthcare France SAS	France	Direct-Subsidiary
3	Accord Healthcare Italia SRL	Italy	Direct-Subsidiary
4	Accord Healthcare SLU	Spain	Direct-Subsidiary
5	Accord Healthcare AB	Sweden	Direct-Subsidiary
6	Accord Healthcare Polska Sp	Poland	Direct-Subsidiary
7	Accord Healthcare GmbH	Austria	Sub-Subsidiary
8	Accord Healthcare BVBA	Belgium	Sub-Subsidiary
9	Accord Healthcare Oy	Finland	Sub-Subsidiary
10	Accord Healthcare Ireland Limited	Ireland	Sub-Subsidiary
11	Accord Healthcare Limited	Malta	Direct-Subsidiary
12	Accord Healthcare Ou	Estonia	Sub-Subsidiary
13	Accord Healthcare GmbH	Germany	Direct-Subsidiary
14	Accord Healthcare SDN.BHD	Malaysia	Direct-Subsidiary
15	Accord Healthcare Mena JLT	United Arab Emirates	Sub-Subsidiary
16	Accord Healthcare s.r.o	Czech Republic	Sub-Subsidiary
17	Accord Healthcare Private Limited	Singapore	Direct-Subsidiary
18	Accord Healthcare HK Limited	Hong Kong	Direct-Subsidiary
19	Accord Healthcare Unipessoal Lda	Portugal	Sub-Subsidiary
20	Accord Healthcare SRL	Romania	Sub-Subsidiary
21	Accord Healthcare AG	Switzerland	Sub-Subsidiary
22	Accord - UK Limited	United Kingdom	Direct-Subsidiary
23	Accord Thailand Limited	Thailand	Direct-Subsidiary
24	Accord South Korea Limited	South Korea	Direct-Subsidiary

The main activity of the above companies is that of the distribution of pharmaceutical products. All of the above companies are wholly owned subsidiaries/ sub subsidiaries with Ordinary Share Capital.

During the year following entities have become sub subsidiaries of Accord Healthcare Limited. In this process, there is an addition of £58m and a disposal of £34m.

- 1 Accord Healthcare BV
- 2 Accord Healthcare GmbH
- 3 Accord Healthcare BVBA
- 4 Accord Healthcare Mena JLT
- 5 Accord Healthcare s.r.o
- 6 Accord Healthcare Unipessoal Lda
- 7 Accord Healthcare SRL
- 8 Accord Healthcare AG
- 9 Accord Healthcare Ireland Limited
- 10 Accord Healthcare SLU
- 11 Accord Healthcare Polska Sp
- 12 Accord - UK Limited

#### **12. INVENTORIES**

	31.3.20	31.3.19
	£'000	£'000
Finished goods	<u>35,635</u>	<u>25,698</u>

Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**13. TRADE AND OTHER RECEIVABLES**

	31.3.20	31.3.19
	£'000	£'000
Current:		
Trade debtors	7,498	7,489
Amounts owed by group undertakings	97,620	126,418
Other debtors	10,585	10,945
Prepayments and accrued income	<u>2,771</u>	<u>2,719</u>
	<u>118,474</u>	<u>147,571</u>

**14. CASH AND CASH EQUIVALENTS**

	31.3.20	31.3.19
	£'000	£'000
Bank accounts	<u>252</u>	<u>1,533</u>

Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**15. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.20 £'000	31.3.19 £'000
38,815,674	Ordinary	£1	<u>38,816</u>	<u>38,816</u>

Each share is entitled to one vote in any circumstances and each share is also entitled pari passu to dividend payments or any other distribution, including a distribution arising from winding up of the company.

**16. RESERVES**

	Retained earnings £'000	Deemed capital contribution £'000	Totals £'000
At 1 April 2019	(13,400)	2,025	(11,375)
Profit for the year	33,938		33,938
Deemed capital contribution	<u>-</u>	<u>1,000</u>	<u>1,000</u>
At 31 March 2020	<u>20,538</u>	<u>3,025</u>	<u>23,563</u>

Called-up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior period retained profits and losses.

**17. TRADE AND OTHER PAYABLES**

	31.3.20 £'000	31.3.19 £'000
Current:		
Trade creditors	7,655	11,964
Amounts owed to group undertakings	58,656	97,792
Social security and other taxes	523	420
Other creditors	2,364	7,556
Accruals and deferred income	<u>29,515</u>	<u>20,382</u>
	<u>98,713</u>	<u>138,114</u>

Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**18. FINANCIAL LIABILITIES - BORROWINGS**

	31.3.20 £'000	31.3.19 £'000
Current:		
Bank overdrafts	5,716	-
Bank loans	157,329	106,686
Finance leases (see note 19)	258	-
	<u>163,303</u>	<u>106,686</u>
Non-current:		
Bank loans - 1-2 years	92,669	163,803
Finance leases (see note 19)	755	-
Amounts owed to group undertakings	407,251	380,783
	<u>500,675</u>	<u>544,586</u>

Debt Repayment Schedule and interest payable on the loan is LIBOR plus Margin of 2.3%.

Argentum Loan as at 31 March 2020	Book Value £',000	Fair Value £'000
Total amount due for payment	£165,003	£163,803
Payable by 30.06.20	£55,000	£54,436
Payable by 31.12.20	£55,000	£54,579
Payable by 30.06.21	£55,003	£54,788

Debt Repayment Schedule and interest payable on the loan is 2.4456%.

Maple Loan as at 31 March 2020	Book Value £',000	Fair Value £'000
Total amount due for payment	£38,000	£37,881
Payable by 31.05.22	£12,730	£12,657
Payable by 31.05.23	£12,730	£12,681
Payable by 31.05.24	£12,540	£12,543

	1 year or less £'000	1-2 years £'000	Totals £'000
Bank overdrafts	5,716	-	5,716
Bank loans	157,328	92,669	249,997
Finance leases	258	755	1,013
	<u>163,302</u>	<u>93,424</u>	<u>256,726</u>

19. LEASING

**The carrying amounts of right-of-use assets recognised and the movements during the period:**

	Fixed assets £'000
As at 1 April 2019	-
Additions	1,269
Depreciation expense	<u>271</u>
As at 31 March 2020	<u>998</u>

**The carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:**

	31.03.20 £'000
As at 1 April 2019	
Additions	1,269
Accretion of interest	35
Payments	<u>291</u>
As at 31 March 2020	<u>1,013</u>
Current	258
Non-current	755

**The amounts recognised in profit or loss**

	31.03.20 £'000
Depreciation expense of right-of-use assets	271
Interest expense on lease liabilities	35
Expense relating to short-term leases (included in cost of sales)	-
Expense relating to leases of low-value assets (included in administrative expenses)	23
Variable lease payments (included in cost of sales)	
<b>Total amount recognised in profit or loss</b>	<b>328</b>



Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**20. DEFERRED TAX**

	31.3.20	31.3.19
	£'000	£'000
Balance at 1 April	(8,482)	(7,557)
Accelerated capital allowances	(231)	105
Short term timing differences	291	(344)
Corporate interest restriction	1,839	(686)
Losses	<u>2,757</u>	<u>-</u>
Balance at 31 March	(3,826)	(8,482)

**21. ULTIMATE PARENT COMPANY**

In the opinion of the directors the ultimate parent company is Intas Pharmaceuticals Limited, a company incorporated in India. The smallest and largest group of which this group is a member and for which group consolidated financial statements are prepared is Intas Pharmaceuticals Limited. The group financial statements of Intas Pharmaceuticals Limited may be obtained from the company secretary at Corporate House, S G Highway, Thaltej, Ahmedabad 380054, Gujarat, India.

**22. CAPITAL COMMITMENTS**

	31.3.20	31.3.19
	£'000	£'000
Contracted but not provided for in the financial statements	<u>5,882</u>	<u>3,500</u>

**23. OTHER FINANCIAL COMMITMENTS**

The company has given guarantees to its subsidiaries Accord Healthcare BV, Netherlands, Accord Healthcare SDN BHD, Malaysia, Accord Healthcare Pvt Ltd, Singapore, Accord Healthcare Korea Ltd, South Korea, Accord Healthcare Thailand Ltd, Thailand, Accord Healthcare HK Ltd, Hongkong, in respect of debts arising from legal transactions and equity deficit. In turn Accord Healthcare Limited, UK has received a guarantee from its parent company, Intas Pharmaceuticals Limited to cover all its liabilities.

In addition, the company's bankers have given guarantee worth £112,637 (2019 £93,497) to different suppliers.

Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

24. **RELATED PARTY DISCLOSURES**

Intas Pharmaceuticals Limited (ultimate parent company)	31/3/20 £,000	31/3/19 £,000
Sales	37	-
Purchases	67,408	107,479
Interest payable	13,939	11,890
Amount due to related party	<u>(465,374)</u>	<u>(457,648)</u>

Astron Research Limited (wholly owned subsidiary of the ultimate parent company)	31/3/20 £,000	31/3/19 £,000
Interest payable	-	-
Sales:	25	-
Purchases and services from:	3,389	3,647
Amount due to related party	<u>(533)</u>	<u>(895)</u>

**Lambda Therapeutic Limited**

Mrs B B Chudgar is a director and a shareholder of Lambda Therapeutic Research Limited (a company incorporated in India) and controls by virtue of his shareholding and his family's interest in the company Lambda Therapeutic Limited (a company incorporated in England) is a wholly owned direct subsidiary.

	31/3/20 £,000	31/3/19 £,000
Interest payable	-	-
Purchases and services from:	5,267	2,206
Amount due to related party	<u>(1,676)</u>	<u>(4,756)</u>

The following are related party disclosures which has been eliminated as part of group consolidated financial statements.

Accord Healthcare BV - Netherlands (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	62	98
Interest payable	(87)	-
Sales and services to:	36,397	34,536
Purchases and services from:	7,382	193
Amount due (to)/from related party	<u>2,640</u>	<u>24,804</u>

Accord Healthcare France SAS - France (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	60	70
Sales and services to:	23,533	10,722
Purchases and services from:	48	-
Amount due (to)/from related party	<u>15,140</u>	<u>10,060</u>

Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**RELATED PARTY DISCLOSURES continued**

Accord Healthcare Italia SRL - Italy (wholly owned subsidiary of Accord Healthcare Limited)	31/03/20 £,000	31/03/19 £,000
Interest receivable	141	154
Dividend received	2,274	-
Sales and services to:	23,960	25,750
Purchases and services from:	<u>43</u>	<u>-</u>
Amount due (to)/from related party	<u>16,094</u>	<u>13,873</u>
Accord Healthcare SLU - Spain (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	-	-
Interest payable	(112)	(92)
Sales and services to:	13,095	12,171
Purchases and services from:	<u>8,222</u>	<u>4,419</u>
Amount due (to)/from related party	<u>690</u>	<u>(5,220)</u>
Accord Healthcare AB - Sweden (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	40	45
Interest payable	(12)	-
Sales and services to:	3,989	12,958
Purchases and services from:	<u>72</u>	<u>23</u>
Amount due (to)/from related party	<u>(987)</u>	<u>7,812</u>
Accord Healthcare Polska Sp - Poland (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	1,023	161
Sales and services to:	3,252	35,646
Purchases and services from:	<u>2,706</u>	<u>8,040</u>
Amount due (to)/from related party	<u>31,552</u>	<u>41,807</u>
Accord Healthcare GmbH - Austria (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	6	5
Sales and services to:	7,189	5,016
Purchases and services from:	<u>-</u>	<u>-</u>
Amount due (to)/from related party	<u>3,588</u>	<u>1,321</u>

Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**RELATED PARTY DISCLOSURES continued**

Accord Healthcare BVBA - Belgium (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	31	34
Sales and services to:	570	256
Purchases and services from:	-	-
Amount due (to)/from related party	<u>1,265</u>	<u>1,297</u>
Accord Healthcare Oy - Finland (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	32	38
Sales and services to:	3,314	3,025
Purchases and services from:	4	10
Amount due (to)/from related party	<u>2,181</u>	<u>2,482</u>
Accord Healthcare Ireland Limited - Ireland (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	26	23
Interest payable	(6)	-
Sales and services to:	-	3,098
Purchases and services from:	-	-
Amount due (to)/from related party	<u>1,153</u>	<u>1,407</u>
Accord Healthcare Limited - Malta (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	-	1
Sales and services to:	-	-
Purchases and services from:	-	-
Amount due (to)/from related party	<u>42</u>	<u>37</u>
Accord Healthcare Ou - Estonia (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	-	-
Sales and services to:	-	-
Purchases and services from:	1,059	828
Amount due (to)/from related party	<u>(1,032)</u>	<u>(798)</u>

Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**RELATED PARTY DISCLOSURES continued**

Accord Healthcare GmbH - Germany (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
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Interest payable	(577)	(468)
Sales and services to:	9,074	14,949
Purchases and services from:	405	-

Amount due (to)/from related party	(14,838)	(14,907)
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Accord Healthcare SDN.BHD - Malaysia (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
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Interest receivable	17	6
Sales and services to:	-	-
Purchases and services from:	-	-

Amount due (to)/from related party	713	287
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Accord Healthcare Mena JLT - United Arab Emirates (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
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Interest receivable	44	52
Sales and services to:	557	-
Purchases and services from:	-	1,963

Amount due (to)/from related party	2,676	19
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Accord Healthcare s.r.o - Czech Republic (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
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Interest receivable	19	12
Sales and services to:	-	-
Purchases and services from:	19	818

Amount due (to)/from related party	443	555
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Accord Healthcare Private Limited - Singapore (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
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Interest receivable	90	72
Sales and services to:	-	-
Purchases and services from:	-	-

Amount due (to)/from related party	3,052	2,511
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Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**RELATED PARTY DISCLOSURES continued**

Accord Healthcare HK Limited - Hong Kong (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	10	7
Sales and services to:	-	-
Purchases and services from:	-	-
Amount due (to)/from related party	<u>373</u>	<u>265</u>
Accord Healthcare Unipessoal Lda - Portugal (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	60	85
Sales and services to:	1,506	2,699
Purchases and services from:	-	-
Amount due (to)/from related party	<u>2,778</u>	<u>3,190</u>
Accord Healthcare SRL - Romania (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	27	18
Sales and services to:	-	-
Purchases and services from:	-	1,013
Amount due (to)/from related party	<u>861</u>	<u>771</u>
Accord Healthcare AG - Switzerland (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £'000	31/3/19 £'000
Interest receivable	0	0
Sales and services to:	0	0
Purchases and services from:	-	0
Amount due (to)/from related party	<u>2</u>	<u>1</u>

Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**RELATED PARTY DISCLOSURES continued**

Accord- UK Limited - United Kingdom (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	53	-
Interest payable	(511)	(1,000)
Dividend received	54,000	-
Sales and services to:	56,592	62,304
Purchases and services from:	391	-
Amount due (to)/from related party	<u>26,635</u>	<u>12,461</u>
Accord Healthcare Korea Limited - South Korea (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	4	1
Sales and services to:	-	-
Purchases and services from:	-	-
Amount due (to)/from related party	<u>175</u>	<u>83</u>
Accord Healthcare Thailand Limited - Thailand (wholly owned subsidiary of Accord Healthcare Limited)	31/3/20 £,000	31/3/19 £,000
Interest receivable	1	1
Sales and services to:	-	-
Purchases and services from:	-	-
Amount due (to)/from related party	<u>37</u>	<u>36</u>

**25. ULTIMATE CONTROLLING PARTY**

The company was not under the control of any one party. However, Mr B H Chudgar, a director, and the Chudgar family together have a controlling interest by virtue of shareholding in the ultimate parent company.

**26. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	31.3.20 £'000	31.3.19 £'000
Profit before income tax	30,684	5,217
Depreciation charges	3,915	2,188
Net movement of group balances	16,130	5,447
Reorganisation of entities	(17,344)	(595)
Share based payments	1,000	1,545
Finance costs	27,175	25,389
Finance income	<u>(64,962)</u>	<u>(50,918)</u>
	(3402)	(11,727)
(Increase)/decrease in inventories	(9,937)	29,942
Decrease in trade and other receivables	299	23,509
Decrease/(increase) in trade and other payables	<u>6,155</u>	<u>(13,161)</u>
Cash generated from operations	<u>(6,885)</u>	<u>28,563</u>

Accord Healthcare Ltd

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**27. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 March 2020**

	31.3.20	1.4.19
	£'000	£'000
Cash and cash equivalents	252	1,533
Bank overdrafts	(5,716)	-
	<u>(5,464)</u>	<u>1,533</u>

**Year ended 31 March 2019**

	31.3.19	1.4.18
	£'000	£'000
Cash and cash equivalents	<u>1,533</u>	<u>4,554</u>

**28. SHARE-BASED PAYMENT TRANSACTIONS**

The employee stock option scheme (ESOS), share options of the parent company granted to the senior executives of the company and its subsidiaries. The employee stock appreciation rights plan (ESAR) of the parent also granted to the senior executives of the company. The summary of the plan is as follows.

	ESOS	ESAR
Exercise price	£18.13	
Intrinsic value at grant date (ESOS/ESAR)	£16.11	£29.51
Grant date	1 January 2018	1 January 2018
Vesting dates	1 January 2019 (30% of the shares)	1 January 2019 (30% of the shares)
	1 January 2020 (30% of the shares)	1 January 2020 (30% of the shares)
	1 January 2021 (40% of the shares)	1 January 2021 (40% of the shares)
Number of shares issued	172,314 shares of the Parent company "Intas Pharmaceuticals Limited"	58,798 shares of the Parent company "Intas Pharmaceuticals Limited"

As per the Black Scholes Option Pricing Model, if the ESOS has an exercise price of £18.13, the intrinsic value of ESOS was £16.11 on the date of grant.

**29. DEFINED CONTRIBUTION PENSION SCHEME**

The company also contributed to a defined contribution pension scheme for the financial year as detailed below.

	31.03.20	31.03.19
	£'000	£'000
Contribution during the year	877	339
Due to the pension provider at year end	<u>340</u>	<u>98</u>

**30. POST BALANCE SHEET EVENTS**

In March 2020, the outbreak of COVID-19 became a global issue. To date, the Company has not seen any significant financial impact from the COVID-19 outbreak, however it continues to monitor the situation closely throughout the coming weeks and months. In light of the outbreak's wide-ranging implications, the Company has undertaken a detailed going concern review to ensure continued operations throughout the period affected, with a particular focus on cash flows and business continuity plans. The extent of the impact on the economy after lockdown are uncertain, but the Company continued to perform well in terms of its results and cash collection during and after the lockdown period. The Directors do not currently expect an impairment of intangibles, property, plant and equipment, investment in subsidiaries and inventory.



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**INDEPENDENT AUDITOR'S REPORT**

To the Members of Intas Pharmaceuticals Limited

THESE ACCOUNTS FORMS PART OF  
A GROUP PACKAGE FOR  
ACCORD HEALTH CARE LTD

COMPANY NO  
04596349

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of Intas Pharmaceuticals Limited (hereinafter referred to as the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and jointly controlled entity comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

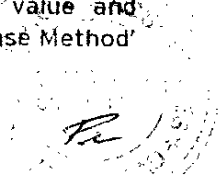
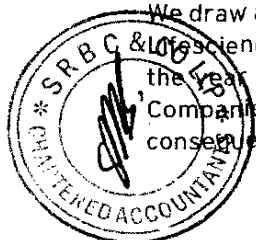
In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, and jointly controlled entity, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and jointly controlled entity as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

**Basis for Opinion**

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

**Emphasis of Matter**

We draw attention to Note 5 to the consolidated financial statements, relating to amalgamation of Intas Lifesciences Private Limited ("Transferor") with Intas Pharmaceuticals Limited ("Transferee") during the year 2015-16, as approved by the Hon'ble High Court of Gujarat under Sections 391-394 of the Companies Act, 1956 wherein the assets and liabilities were recorded at the fair value and consequently, the amalgamation was accounted by Transferee company under the 'Purchase Method'



as prescribed by Accounting Standard 14 'Accounting for Amalgamations' of that point of time. Considering the accounting treatment has been given effect in accordance with the Court Order which prevails over the accounting standards, the Holding Company has continued its accounting policy of amortization of goodwill under Indian Accounting Standards and consequently, has amortised goodwill of Rs 911.70 million during the year. Our opinion is not qualified in respect of this matter.

#### **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 Director's report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2019. The respective Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its jointly controlled entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for assessing the ability of the Group and of its jointly controlled entity 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 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 and of its jointly controlled entity are also responsible for overseeing the financial reporting process of the Group and of its jointly controlled entity.



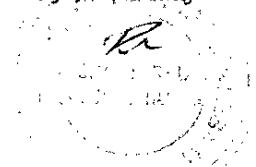
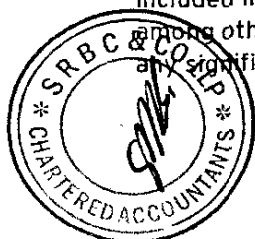
### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 ability of the Group and its jointly controlled entity 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its jointly controlled entity to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its jointly controlled entity of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

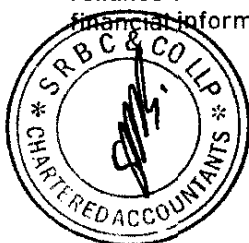
#### Other Matter

(a) We did not audit the financial statements and other financial information, in respect of 27 subsidiaries, whose financial statements include total assets of Rs 1,05,991.96 million as at March 31, 2020, and total revenues of Rs 65,440.20 million and net cash inflows of Rs 1,282.18 million for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of Rs Nil for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of a jointly controlled entity, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entity and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entity, is based solely on the reports of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

(b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 9 subsidiaries, whose financial statements and other financial information reflect total assets of Rs 1,340.36 million as at March 31, 2020, and total revenues of Rs 1,239.98 million and net cash inflows of Rs 9.75 million for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

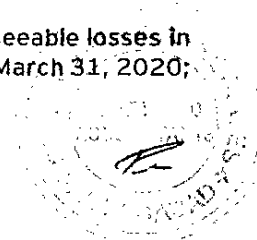
Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.



### 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, and jointly controlled entity, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report 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 financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation 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 Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2019;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 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, and jointly controlled entity, none of the directors of the Group's companies, and jointly controlled entity, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated AS financial statements of the Holding Company and its subsidiary companies and jointly controlled entity, incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, and jointly controlled entity incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company, its subsidiaries, and jointly controlled entity incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, and jointly controlled entity, as noted in the 'Other matter' paragraph:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its and jointly controlled entity in its consolidated financial statements - Refer Note 34 to the consolidated financial statements;
  - ii. The Group, and its jointly controlled entity did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020; and



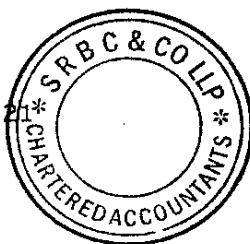
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and jointly controlled entity, incorporated in India during the year ended March 31, 2020.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni  
Partner

Membership Number: 41870  
UDIN: 20041870AAAABA5321

Place: Mumbai  
Date: July 08, 2020



For Shah Karia & Associates  
Chartered Accountants  
ICAI Firm Registration Number: 131546W

per Priyank Shah  
Partner

Membership Number: 118627  
UDIN: 20118627AAAABJ9058

Place: Ahmedabad  
Date: July 08, 2020



**Annexure 1 to the Independent Auditor's Report of Even Date on the Consolidated Financial Statements of Intas Pharmaceuticals Limited**

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

In conjunction with our audit of the consolidated financial statements of Intas Pharmaceuticals Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Intas Pharmaceuticals Limited (hereinafter referred to as the "Holding Company") and its subsidiary company, and jointly controlled entity, which are companies incorporated in India, as of that date.

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

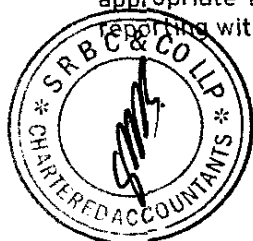
The respective Board of Directors of the Holding Company, its subsidiary companies, and jointly controlled entity, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established 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 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 Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, 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 with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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



### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

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

### Opinion

In our opinion, the Holding Company, its subsidiary companies, and jointly controlled entity, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2020, 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.

### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to one subsidiary company and a jointly controlled entity, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and jointly controlled entity incorporated in India.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni  
Partner

Membership Number: 41870  
UDIN: 20041870AAAABA53

Place: Mumbai  
Date: July 08, 2020



For Shah Karia & Associates  
Chartered Accountants  
ICAI Firm Registration Number: 131546W

per Priyank Shah  
Partner

Membership Number: 118627  
UDIN: 20118627AAAABJ9058

Place: Ahmedabad  
Date: July 08, 2020





# Intas Pharmaceuticals Limited

Consolidated Balance Sheet as at March 31, 2020

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

		As at March 31	
	Note	2020	2019 <sup>1</sup>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	34,605.76	24,633.63
Capital work-in-progress	4	3,775.37	9,821.12
Goodwill	5	47,328.42	46,709.71
Other intangible assets	5	9,731.98	7,870.52
Intangible assets under development	5	161.87	90.60
<b>Financial assets</b>			
Investments	6	37.83	34.59
Loans	13	8.98	9.60
Other financial assets	7	128.06	141.43
Deferred tax assets, net	8	3,381.34	3,534.56
Tax assets, net	9	2,604.45	2,774.62
Other non-current assets	10	618.34	228.42
		<b>102,382.40</b>	<b>95,848.80</b>
<b>Current assets</b>			
Inventories	11	45,866.28	37,455.14
<b>Financial assets</b>			
Trade receivables	12	33,815.72	27,645.75
Loans	13	7.08	8.70
Cash and cash equivalents	14	6,375.58	1,981.96
Bank balances other than cash and cash equivalents	15	112.20	46.26
Other financial assets	7	2,625.25	2,633.32
Other current assets	10	5,943.26	6,402.37
		<b>94,745.37</b>	<b>76,173.50</b>
		<b>197,127.77</b>	<b>172,022.30</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	1,147.44	1,147.44
Other equity	17	95,234.42	79,382.79
		<b>96,381.86</b>	<b>80,530.23</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	18	25,916.90	35,366.66
Other financial liabilities	19	954.73	252.31
Provisions	20	1,511.76	1,616.73
Government grants	21	52.59	11.79
Deferred tax liabilities, net	8	2,364.43	713.73
		<b>30,806.41</b>	<b>37,961.22</b>
<b>Current Liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	22	14,955.27	7,150.28
Trade payables	23	21,224.41	21,833.59
Other financial liabilities	24	29,097.11	21,782.61
Liabilities for current tax, net	9	196.06	541.99
Other current liabilities	25	2,858.52	1,192.86
Provisions	20	1,606.18	1,026.57
Government grants	21	7.95	2.95
		<b>69,945.50</b>	<b>53,530.85</b>
		<b>197,127.77</b>	<b>172,022.30</b>

<sup>1</sup> Figures are restated as per note 48

Summary of significant accounting policies

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

For SRBC & CO LLP

Chartered Accountants

ICAI Firm Registration No. 32-4982E/E300003

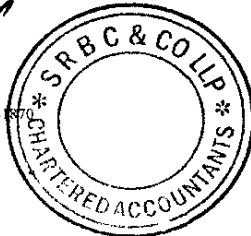
per Sudhir Kanti

Partner

Membership No.: 4187

Place: Mumbai

Date: July 8, 2020



For Shah Karia and Associates

Chartered Accountants

ICAI Firm Registration No.: 131546W

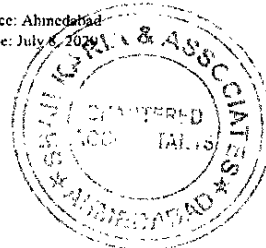
Priyank Shah

Partner

Membership No.: 118627

Place: Ahmedabad

Date: July 8, 2020



For and on behalf of the

Board of Directors of

Intas Pharmaceuticals Limited

Nimish Chudgar

Managing Director and CEO

DIN: 00212400

Jayesh Shah

Executive Director

DIN: 02681464

Tushar Shroff

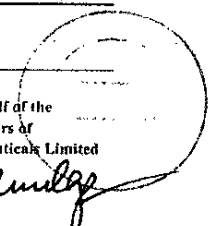
Chief Finance Officer

Manoj Nair

Company Secretary

Place: Ahmedabad

Date: July 8, 2020



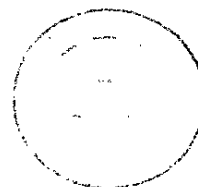
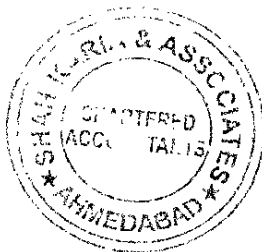
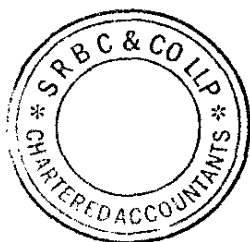
*Signature of Manoj Nair*  
*Signature of Tushar Shroff*  
*Signature of Jayesh Shah*

## Intas Pharmaceuticals Limited

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

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

		Year ended March 31	
	Note	2020	2019 <sup>1</sup>
<b>INCOME:</b>			
Revenue from sale of products		145,899.16	126,673.75
Revenue from license fees and services		395.56	556.93
Other operating income		2,249.99	2,141.98
<b>Revenue from operations</b>	26	<b>148,544.71</b>	<b>129,372.66</b>
Other income	27	233.32	219.56
<b>Total income</b>		<b>148,778.03</b>	<b>129,592.22</b>
<b>EXPENSES:</b>			
Cost of materials consumed	28	40,508.70	37,106.04
Purchases of stock-in-trade		14,068.50	12,260.97
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(4,012.28)	(3,338.41)
Employee benefits expenses	30	24,205.10	20,900.38
Finance costs	31	3,751.20	1,026.37
Depreciation and amortisation expense	4 & 5	7,405.00	5,092.47
Other expenses	32	39,851.28	40,181.90
<b>Total expenses</b>		<b>125,777.50</b>	<b>113,229.72</b>
<b>Profit before tax and exceptional items</b>		<b>23,000.53</b>	<b>16,362.50</b>
Less: Exceptional items	41	-	(455.97)
<b>Profit before tax</b>		<b>23,000.53</b>	<b>16,818.47</b>
<b>Tax expenses:</b>			
Current tax	46	4,886.95	5,244.04
Deferred tax credit	46	1,707.92	(1,156.45)
Short / (excess) provision for current tax of earlier years	46	-	68.82
<b>Profit for the year before share of profit in jointly controlled entity</b>		<b>16,405.66</b>	<b>12,662.06</b>
<b>Share of profit / (loss) of jointly controlled entity</b>		<b>-</b>	<b>-</b>
<b>Profit for the year</b>	(A)	<b>16,405.66</b>	<b>12,662.06</b>



# Intas Pharmaceuticals Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2020  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Note	2020	2019 <sup>1</sup>
<b>Other comprehensive income (OCI)</b>			
<b>Items that will be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations		(40.55)	(19.37)
		(40.55)	(19.37)
Effective portion on Gain / (loss) on hedging instruments		(17.76)	-
Income tax effect	46	3.10	-
Net movement on cash flow hedges		(14.66)	-
Net gain/(loss) on hedge of net investment		1,183.41	(640.63)
Income tax effect (current)	46	(206.62)	137.99
Net movement on hedge of net investment		976.79	(502.64)
<b>Total Items that will be reclassified to profit or loss (B)</b>		<b>921.58</b>	<b>(522.01)</b>
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of defined benefit plans		(171.78)	(153.32)
Income tax effect	46	29.62	30.93
Net re-measurement of defined benefit plans		(142.16)	(122.39)
<b>Total Items that will not be reclassified to profit or loss (C)</b>		<b>(142.16)</b>	<b>(122.39)</b>
<b>Other comprehensive income/(loss), net of taxes (D) = [B+C]</b>		<b>779.42</b>	<b>(644.40)</b>
<b>Total other comprehensive income for the year (A) + (D)</b>		<b>17,185.08</b>	<b>12,017.66</b>
<b>Attributable to:</b>			
Equity holders of the parent		17,185.08	12,017.66
<b>Earning per equity share (in Rupees)</b>	35		
Basic		142.98	110.35
Diluted		142.64	110.20
[Nominal value of equity per share of Rs.10]			

<sup>1</sup> Figures are restated as per note 48

Summary of significant accounting policies

3

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date attached

For S R B C & CO LLP

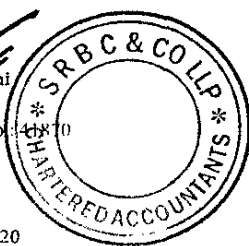
Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

per Sudhir Soni

Partner

Membership No. 41870



Place: Mumbai

Date: July 8, 2020

For Shah Karia and Associates

Chartered Accountants

ICAI Firm Registration No.: 131546W

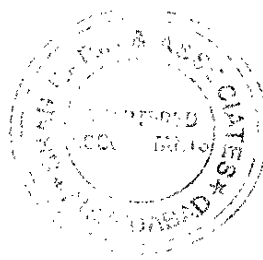
Priyank Shah

Partner

Membership No.: 118627

Place: Ahmedabad

Date: July 8, 2020



For and on behalf of the  
Board of Directors of  
Intas Pharmaceuticals Limited

Nimish Chudgar

Managing Director and CEO

DIN: 00212400

Jayesh Shah

Executive Director

DIN: 02681464

Tushar Shroff

Chief Finance Officer

Manoj Nair

Company Secretary

Place: Ahmedabad

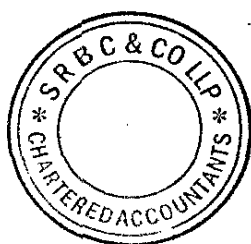
Date: July 8, 2020

# Intas Pharmaceuticals Limited

Consolidated Cash Flow Statement for the year ended March 31, 2020

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

	Year ended March 31	
	2020	2019 <sup>1</sup>
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	23,000.53	16,818.47
Adjustments for:		
Depreciation and amortisation expense	7,405.00	5,092.47
Share based payment	188.20	417.74
Unrealised foreign exchange (gain) / loss, net	3,137.39	(885.31)
Loss on Sale of property, plant and equipment, net	42.14	12.22
Profit on sale of investment in subsidiaries	-	0.05
Finance income	(34.26)	(15.83)
Interest cost (including bank charges)	2,552.52	2,133.31
Allowance for sales return	297.18	60.96
Provision for inventories	13.33	370.05
Provision for doubtful debts and advances & bad debts/sundry Balances w/off	227.70	262.64
Gain on sale of investment	(5.91)	(2.97)
Goodwill written off	-	0.49
Government grant amortised	(4.20)	(2.94)
<b>Operating Profit before working capital changes</b>	<b>36,819.62</b>	<b>24,261.35</b>
Adjustments for (increase) / decrease of assets:		
Trade Receivables	(6,721.11)	(2,478.93)
Inventories	(8,262.58)	(5,260.46)
Other Current Assets	517.40	210.06
Other Non Current Assets	(382.81)	(0.45)
Other non-current financial assets	13.25	(26.11)
Other Current financial assets	17.51	(618.80)
Loans	2.24	(2.10)
Adjustments for increase / (decrease) of liabilities:		
Other Provisions	(52.11)	134.47
Trade Payables	(688.66)	2,242.76
Other Current Liabilities	1,523.68	(753.71)
Other Non Current Financial Liabilities	21.72	10.36
Other Financial Liabilities	2,724.11	787.19
<b>Cash generated from Operations</b>	<b>25,532.26</b>	<b>18,505.63</b>
Taxes paid, net	(5,236.61)	(5,068.01)
<b>Net cash from operating activities</b>	<b>20,295.65</b>	<b>13,437.62</b>
Effect of exchange rates on translation of operating cash flows	53.96	158.39
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>20,349.61</b>	<b>13,596.01</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in bank deposits (having original maturity of more than 3 months)	(65.98)	36.80
Purchase of tangible and intangible assets including CWIP and Intangible under development	(10,758.34)	(10,493.81)
Proceeds from sale of property, plant and equipment	46.35	76.27
Proceeds from sale of subsidiaries	-	(0.05)
Proceeds from sale / (purchase) of investments, net	2.50	0.90
Interest received	27.15	69.53
Acquisition of Business	(576.51)	-
<b>NET CASH FLOW (USED IN) INVESTING ACTIVITIES</b>	<b>(11,324.83)</b>	<b>(10,310.36)</b>



# Intas Pharmaceuticals Limited

Consolidated Cash Flow Statement for the year ended March 31, 2020

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

## CASH FLOWS FROM FINANCING ACTIVITIES

	2020	2019 <sup>1</sup>
Proceeds/(Repayments) from short-term borrowings	5,889.23	4,574.48
(Repayments) of long-term borrowings	(6,976.99)	(5,475.40)
Payment of lease rent	(340.17)	-
Interest cost (including bank charges)	(2,481.34)	(2,058.48)
Dividends paid including tax on dividend distribution	(1,368.33)	(622.49)
<b>NET CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>(5,277.60)</b>	<b>(3,581.89)</b>

## NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the beginning of the year	3,747.18	(296.24)
Cash and cash equivalent received under Acquisition	1,592.46	1,888.70
Cash and cash equivalents at the end of the year	9.31	0.01
<b>Components of Cash and Cash Equivalents for cash flow:</b>	<b>5,348.96</b>	<b>1,592.46</b>
Cash on hand	2.39	2.65
Balance with banks	6,373.19	1,979.31
Total (Refer note 14)	6,375.58	1,981.96
Less: Bank overdraft (Refer note 22)	(1,026.63)	(389.50)
<b>Net Cash and Cash Equivalents</b>	<b>5,348.95</b>	<b>1,592.46</b>

## Reconciliation of liabilities arising from financing activities

Mar 31, 2020	Opening balance	Net Cash flows	Change in fair value	Closing balance
Short term borrowings	7,150.28	6,526.36	1,278.63	14,955.27
Long term borrowings	45,708.90	(6,976.99)	1,962.97	40,694.88
Accrued Interest	136.30	(1,963.82)	1,971.17	143.65

Mar 31, 2019	Opening balance	Net Cash flows	Change in fair value	Closing balance
Short term borrowings	2,514.59	4,676.60	(40.91)	7,150.28
Long term borrowings	52,373.94	(5,475.40)	(1,189.64)	45,708.90
Accrued Interest	61.47	(1,902.37)	1,977.20	136.30

<sup>1</sup> Figures are restated as per note 48

As per our report of even date attached

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003

per Sudhir Soni  
Partner  
Membership No.: 41870

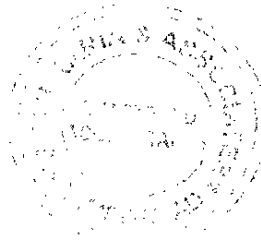
Place: Mumbai  
Date: July 8, 2020



For Shah Karia and Associates  
Chartered Accountants  
ICAI Firm Registration No.: 131546W

Priyank Shah  
Partner  
Membership No.: 118627

Place: Ahmedabad  
Date: July 8, 2020



For and on behalf of the  
Board of Directors of  
Intas Pharmaceuticals Limited

Nimish Chudgar  
Managing Director and CEO  
DIN: 00212400

Jayesh Shah  
Executive Director  
DIN: 02681464

Tushar Shroff  
Chief Finance Officer

Manoj Nair  
Company Secretary

Place: Ahmedabad  
Date: July 8, 2020

# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

## STATEMENT OF CHANGES IN EQUITY

(A) EQUITY SHARE CAPITAL (Refer note 16)

	As at March 31 2020		As at March 31 2019	
	No. of Shares	Amt in Rs. Mn	No. of Shares	Amt in Rs. Mn
	114,743,972	1,147.44	114,743,972	1,147.44
	114,743,972	1,147.44	114,743,972	1,147.44

Balance at the beginning of the year

Balance at the end of the year

(B) OTHER EQUITY (Refer note 17)

	Capital reserve	Capital redemption reserve	Securities premium account	General reserve	Share base payment reserve	Retained earnings	Foreign currency translation reserve	Net investment hedge reserve	Cash flow hedge reserve	Total
Balance as at April 01, 2018	44.37	403.30	3,975.29	19,048.04	119.87	42,841.40	1,137.59	-	-	67,509.86
Profit for the year <sup>1</sup>	-	-	-	-	-	12,662.07	-	-	-	12,662.07
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Foreign exchange fluctuation on net investment in foreign entity, net of tax	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations <sup>1</sup>	-	-	-	-	-	-	-	-	-	-
Net re-measurement loss of defined benefit plans, net	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	-
Impact of composite scheme of arrangement	(377.81)	-	25.20	-	-	352.62	(19.37)	(502.64)	-	(502.64)
Share based payment	-	-	-	-	417.74	(516.35)	-	-	-	(94.61)
Dividend paid	-	-	-	-	-	(106.14)	-	-	-	(106.14)
Tax on dividend paid	-	-	-	-	-	(333.44)	-	-	-	(333.44)
Transfer to/(from) retained earnings	333.44	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019 <sup>1</sup>	-	403.30	4,000.49	19,048.04	537.61	54,777.77	1,118.22	(502.64)	-	79,382.79
Profit for the year	-	-	-	-	-	16,405.66	-	-	-	16,405.66
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Foreign exchange fluctuation on net investment in foreign entity, net of tax	-	-	-	-	-	-	-	-	-	-
Movement on cash flow hedges, net of tax	-	-	-	-	-	-	-	-	-	-
Net re-measurement loss of defined benefit plans, net of tax	-	-	-	-	-	(142.16)	-	-	-	(142.16)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(40.55)	-	-	(40.55)
Total comprehensive income	-	-	-	-	-	16,263.50	(40.55)	-	-	16,222.95
Share based payment	-	-	-	-	188.20	(1,262.20)	-	-	-	(1,074.00)
Dividend paid	-	-	-	-	-	(259.45)	-	-	-	(259.45)
Tax on dividend paid	-	-	-	-	-	-	-	-	-	-
Transfer to/(from) General / ESOS Reserve	-	-	-	4.70	(4.70)	-	-	-	-	-
Balance as at March 31, 2020	-	403.30	4,000.49	19,052.74	721.11	69,519.62	1,077.67	474.15	(14.66)	95,234.42

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date attached

<sup>1</sup> Figures are restated as per note 48

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. 324982/E/300003

For and on behalf of the Board of Directors of

Intas Pharmaceuticals Limited

Manoj Nair

Company Secretary

Place: Mumbai

Date: July 8, 2020

For Shah Kurin and Associates

Chartered Accountants

ICAI Firm Registration No. 131546W

For and on behalf of the Board of Directors of

Intas Pharmaceuticals Limited

Manoj Nair

Company Secretary

Place: Ahmedabad

Date: July 8, 2020

For and on behalf of the Board of Directors of

Intas Pharmaceuticals Limited

Manoj Nair

Company Secretary

Place: Ahmedabad

Date: July 8, 2020

# Intas Pharmaceuticals Limited

## Notes to the Consolidated Financial Statements as at March 31, 2020

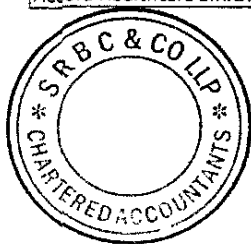
### GROUP INFORMATION

Intas Pharmaceuticals Limited ('the Company') is a leading vertically integrated Indian Pharmaceutical Company with global operations, engaged in the development, manufacture and marketing of pharmaceutical formulations and is headquartered at Corporate House, Nr. Sola Bridge, S. G. Highway, Thaltej, Ahmedabad, Gujarat. The consolidated financial statements comprise the financial statements of Intas Pharmaceuticals Limited (hereinafter referred to as "the Holding Company" or "the Company"), its subsidiaries and jointly controlled entity (together referred to as 'the Group'). The Company along with its subsidiaries has manufacturing locations spread across India, U.K and Mexico.

The consolidated financial statements were authorized for issue in accordance with a resolution passed in Board Meeting held on July 8, 2020.

The consolidated financial statements comprise the financial statements of the Company, Intas Pharmaceuticals Limited and the following subsidiaries / step-down subsidiaries and jointly controlled entity:

Name of the Subsidiary Company	Country	% of Holding as at	
		2020	2019
Accord Healthcare Limited, UK	United Kingdom	100	100
Astron Research Limited, UK	United Kingdom	100	100
Accord Healthcare Inc., North Carolina, USA	USA	100	100
Accord Healthcare (Pty) Limited, South Africa	South Africa	100	100
Accord Farmaceutica Ltda., Brazil	Brazil	100	100
Accord Healthcare SAC, Peru	Peru	100	100
Accord Farma S.A. De C.V., Mexico	Mexico	100	100
Accord Healthcare Inc., Canada	Canada	100	100
Accord Healthcare Pty. Ltd., Australia (w.e.f. March 02, 2018)	Australia	100	100
Intas Third Party Sales 2005 S.L.	Spain	100	100
Farmabiot S.A DE CV, Mexico (2)	Mexico	100	100
Essential Pharmaceuticals LLC(3)	USA	100	100
Accord Biopharma Inc. USA (3)	USA	100	100
Accord Healthcare (Kenya) Limited (w.e.f. June 28, 2018)	Kenya	100	100
Accord Healthcare SAS, France (1)	France	100	100
Accord Healthcare BV, Netherlands (1)	Netherlands	100	100
Accord Healthcare Sociedad Limitada, Spain (1)	Spain	100	100
Accord Healthcare Italia SRL, Italy (1)	Italy	100	100
Accord Healthcare Polska Spółka Z Ograniczoną Odpowiedzialnością, Poland (1)	Poland	100	100
Accord Healthcare AB, Sweden (1)	Sweden	100	100
Accord Healthcare GmbH, Austria (1)	Austria	100	100
Accord Healthcare OY, Finland (1)	Finland	100	100
Accord Healthcare Ireland Limited, Ireland (1)	Ireland	100	100
Accord Healthcare BVPA, Belgium (1)	Belgium	100	100
Accord Healthcare Limited, Malta (1)	Malta	100	100
Accord Healthcare OU, Estonia (1)	Estonia	100	100
Accord Healthcare GmbH, Germany (1)	Germany	100	100
Accord Healthcare SDN BHD, Malaysia (1)	Malaysia	100	100
Accord Healthcare MENA JLT, UAE (1)	UAE	100	100
Accord Healthcare S.R.O., Czech Republic (1)	Czech Republic	100	100



**Intas Pharmaceuticals Limited**

**Notes to the Consolidated Financial Statements as at March 31, 2020**

Name of the Subsidiary Company	Country	% of Holding as at	
		2020	2019
Accord Healthcare Private limited, Singapore (1)	Singapore	100	100
Accord Healthcare, Unipessoal, Lda, Portugal (1)	Portugal	100	100
Accord Healthcare HK Limited, Hongkong (1)	Hongkong	100	100
Accord Healthcare SRL, Romania (1)	Romania	100	100
Accord Healthcare AG, Switzerland(1)	Switzerland	100	100
Accord UK Limited, UK(1)	United Kingdom	100	100
Accord Healthcare Thailand Limited (Thailand)(1)	Thailand	100	100
Accord Healthcare Korea Limited(1)	South Korea	100	100
S M Herbals Private Limited (4)	India	100	-

Name of the Jointly controlled entity	Country	% of Holding as at	
		2020	2019
Alvi-Intas Medical Devices Private Limited	India	50	50

- (1) Wholly-owned subsidiary of Accord Healthcare Limited, UK
- (2) Wholly-owned subsidiary of Accord Farma S.A. De C.V., Mexico
- (3) Wholly-owned subsidiary of Accord Healthcare Inc., North Carolina, USA
- (4) Acquired during the year

**1. PRINCIPLES OF CONSOLIDATION**

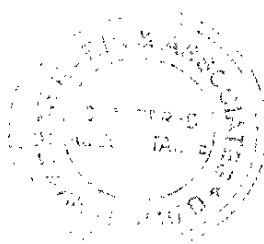
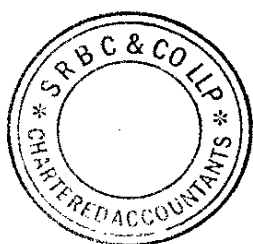
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and jointly controlled entity as at 31 March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins





**Intas Pharmaceuticals Limited**

**Notes to the Consolidated Financial Statements as at March 31, 2020**

when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on 31st March. When the end of the reporting period of the Holding Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Holding Company to enable the Holding Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

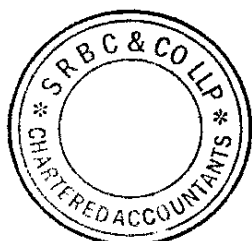
(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:



**Intas Pharmaceuticals Limited**

**Notes to the Consolidated Financial Statements as at March 31, 2020**

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Holding Company's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of schedule III to the Companies Act, 2013 (Ind As compliant Schedule III), as applicable to the consolidated financial statements.

These consolidated financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

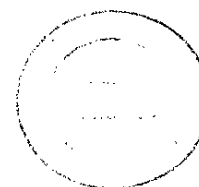
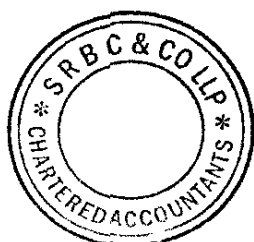
- i. employee defined benefit assets/(liability) are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- ii. Long-term borrowings are measured at amortized cost using the effective interest rate method; and
- iii. Derivative financial instruments at fair value and
- iv. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instrument)

These consolidated financial statements are presented in Indian rupees, which is the functional currency of the Holding Company. All financial information presented in Indian rupees has been rounded to the million (Rs. 000,000), except where otherwise indicated.

**(b) Use of estimates, assumptions and judgments**

The preparation of consolidated financial statements in conformity with IND AS requires management to make 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.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional balance sheet at the beginning of the preceding period when



**Intas Pharmaceuticals Limited**

**Notes to the Consolidated Financial Statements as at March 31, 2020**

there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical 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:

- Measurement of recoverable amounts of cash-generating units { Refer 3(c)};
- Useful lives of property, plant and equipment and intangible assets { Refer 3(f) and 3(g)};
- Valuation of inventories { Refer 3(j)};
- Employee benefits { Refer 3(m)};
- Provisions, contingent liability and contingent assets { Refer 3(s)};
- Sales returns { Refer 3(k) };
- Evaluation of recoverability of deferred tax assets { Refer 3(o)};
- Share based payments {Refer 3(n)}

**(c) Business combinations and goodwill**

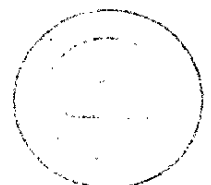
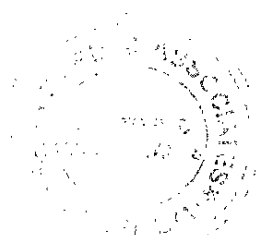
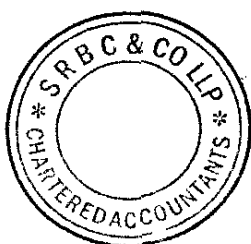
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument



**Intas Pharmaceuticals Limited**

**Notes to the Consolidated Financial Statements as at March 31, 2020**

and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

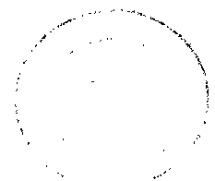
Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.



**(d) Investment in joint venture**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

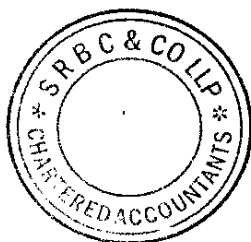
The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investee is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

If an entity's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.



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Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**(e) Current and 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 equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

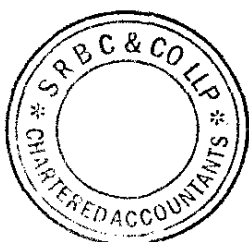
The group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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.

**(f) Property, plant and equipment**

**Recognition and measurement**

The items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of its purchase price and other incidental expenses that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use, when significant parts of plant and equipment are required to be replaced



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at intervals, the Group depreciates them separately based on their specific useful lives. Borrowing cost attributable to acquisition or construction of qualifying fixed assets is capitalized to respective assets when the time taken to put the assets to use is substantial. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

The cost of stores and spares which qualify as property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. 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.

Capital assets under erection/installation are stated at cost in the Balance Sheet as "Capital Work-in-Progress".

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

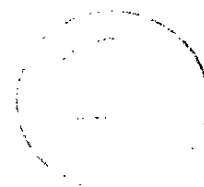
**Depreciation**

Depreciation is recognised on pro-rata basis in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Leasehold Land is amortised over the period of the lease. Land is not depreciated.

The group, based on technical assessment made by technical expert and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives are as follows:

Type of Asset	Useful life (in years)
Buildings	30 to 50
Plant and Machineries	10 to 20
Furniture, Fixtures and Equipment	4 to 10
Computers	3 to 6
Vehicles	4 to 10



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

**(g) Intangible assets and amortization**

**Goodwill**

Apart from goodwill on amalgamation as referred below, the goodwill is initially measured at cost, being the excess of the aggregate of consideration transferred over net identifiable assets acquired and liability assumed. Such goodwill is not amortised and is tested for impairment annually.

Goodwill arising on amalgamation has been recognised in accordance with court scheme and is amortised over its estimated useful life of 10 years. Further, goodwill on amalgamation is tested for impairment at each reporting date.

**Other intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised except for development cost which are classified as intangible in development and the related expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

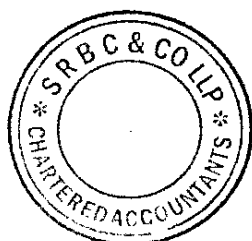
**Research and development**

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised in the statement of profit and loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalised only if:

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

The expenditure to be capitalised include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognised as expense in the statement of profit and loss as incurred.





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Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalised, if such products have received regulatory approval or if only perfunctory activities remain (i.e. no additional work necessary; e.g. biostudies, regulatory, etc.) and approval is highly probable.

Acquired research and development intangible assets that are under development are recognised as Intangible assets under development. These assets are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment charge on such assets is recorded as an expense in the statement of profit and loss.

Subsequent expenditure on an in-process research or development project acquired separately or in a business combination and recognised as an intangible asset is:

- recognised as an expense when incurred, if it is research expenditure;
- recognised as an expense when incurred, if it is development expenditure that does not satisfy the criteria for recognition as an intangible asset; and
- added to the carrying amount of the acquired in-process research or development project, if it is development expenditure that satisfies the recognition criteria.

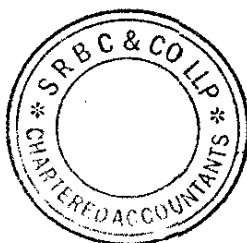
Intangible assets relating to products in development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognised immediately in the statement of profit and loss.

**Amortisation**

Amortisation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortised from the date they are available for use.

Type of Asset	Useful life (in years)
Licenses and commercial rights	3 to 15
Marketing authorization	5 to 10
Technical knowhow	5 to 10
Others	5 to 10

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.



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**De-recognition of intangible assets**

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the statement of profit and loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

**(h) Impairment of Non-Financial Assets**

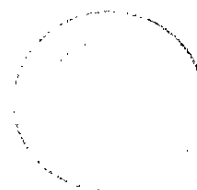
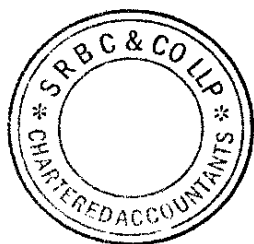
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's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

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually as at year end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGU's) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods.



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**(i) Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

**Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(i) Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Type of Asset	Useful life (in years)
Leasehold Land	Up to 99 years
Office Premises	10 to 20 years

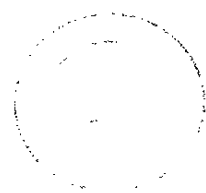
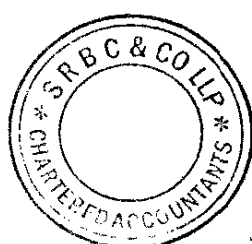
If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (h) Impairment of non-financial assets.

**(ii) Lease Liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is



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remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included under financial liabilities (see Note 44).

**(j) Inventories**

Inventories consist of raw materials, stores and spares, work-in-progress, packing materials and finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process.

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

Provision for diminution in value of inventories has been made for expired, obsolete, non-moving and slow-moving inventories as per the management's estimate.

**(k) Revenue from contract with customers**

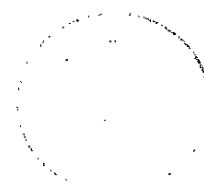
Revenue from contract with customer is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided below.

**Sale of products:**

Revenue from sale of product is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term varies from 7 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of product, the Group considers the effects of variable consideration and consideration payable to the customer (if any).



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**Variable consideration**

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained 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. Contracts for the sale of products provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

**License fees**

License fees primarily consist of income from the out-licensing of intellectual property, and other licensing and supply arrangements with various parties. Revenue from license fees is recognised when control transfers to the third party and the Company's performance obligations are satisfied. Some of these arrangements include certain performance obligations by the Company. Revenue from such arrangements is recognised in the period in which the Company completes all its performance obligations.

**Rights of return**

Certain contracts and statutory obligations provide a customer with a right to return the goods. The Group accrues for sales return based on historical experience, market conditions and specific contractual terms. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

**Volume rebates**

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

**Provision for chargeback, rebates and discounts**

Provisions for chargeback, rebates, discounts and Medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Group. Provisions for such chargebacks are calculated on the basis of historical experience and specific terms in the individual agreements.



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**Shelf stock adjustments**

Shelf stock adjustments are credits issued to customers to reflect decreases in the selling price of products sold by the Group, and are accrued when the prices of certain products decline or at the point of sale, if the impact of a price decline on the products sold can be reasonably estimated based on the customer's inventory. These credits are customary in the pharmaceutical industry, and are intended to reduce the customer inventory cost to better reflect the current market prices. The decision to grant a shelf stock adjustment to a customer following a price decrease is made at the Group's discretion.

**Profit share revenues**

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

Revenue in an amount equal to the base purchase price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised as revenue in the period which corresponds to the ultimate sales of the products made by business partners only when the collectability of the profit share becomes probable and a reliable measurement of the profit share is available. Otherwise, recognition is deferred to a subsequent period pending satisfaction of such collectability and measurability requirements. In measuring the amount of profit share revenue to be recognised for each period, the Group uses all available information and evidence, including any confirmations from the business partner of the profit share amount owed to the Group, to the extent made available before the date the Group's Board of Directors authorises the issuance of its financial statements for the applicable period.

**Sale of buffer stock**

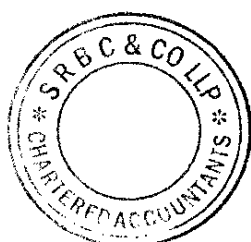
Revenue does not include sales of pharmaceuticals products with a repurchase obligation to Department of Health of UK Government.

**Contract balances**

**Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Financial Instruments – initial recognition and subsequent measurement.

**Contract liabilities (advance from customers)**



**Intas Pharmaceuticals Limited****Notes to the Consolidated Financial Statements as at March 31, 2020**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

**Assets and liabilities arising from rights of return:****Right of return assets**

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

**Refund liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

**Cost to obtain a contract**

The Group pays sales commission to its clearing and forwarding agents as a percentage of sales made by them. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under other expense).

Cost to fulfil a contract i.e freight, insurance and other selling expenses are recognised as an expense in the period in which related revenue is recognised.

**Interest income**

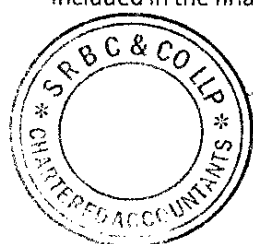
Interest income primarily comprises of interest from term deposits with banks and on loans to subsidiary companies. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

**Export Incentives**

Export Incentives are recognized as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

**(I) Foreign currencies**

The Group's consolidated financial statements are presented in Indian Rupees, which is also the Holding Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group



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uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

**Transactions and balances**

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the consolidated statement of profit and loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

**Foreign operations**

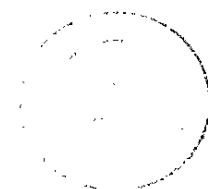
Foreign exchange gains and losses arising from a monetary item receivable from a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income/(loss) and presented within equity as a part of foreign currency translation reserve ("FCTR").

In case of foreign operations whose functional currency is different from the Holding Company's functional currency, the assets and liabilities of such foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to the presentation currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the presentation currency at the monthly average exchange rates prevailing during the year. Resulting foreign currency differences are recognised in other comprehensive income/(loss) and presented within equity as part of FCTR. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the consolidated statement of profit and loss.

**(m) Employees retirement and other benefits**

**Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.





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**Notes to the Consolidated Financial Statements as at March 31, 2020**

**Defined contribution plans**

The Group's contributions to defined contribution plan in the form of Provident Fund, Employees State Insurance Corporation, Labour Welfare Fund and pension schemes are charged to the Statement of Profit and Loss as and when the services are received from the employees. The Company has no obligation other than these contributions.

**Defined benefit plans**

The entities in the group operates defined benefit plan for its employees, viz., Gratuity and pension schemes. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method.

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

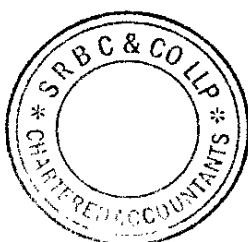
The assets of the pension schemes are held separately from those of the Group in independently administered funds. The defined pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses. The pension scheme balance is recognised net of any related deferred tax balance with the recognition of any deferred tax asset following the principles described in the deferred tax accounting policy above.

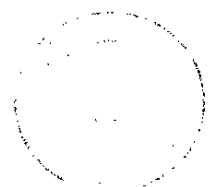
The Group current policies permit certain categories of its employees to accumulate and carry forward a portion of their unutilized compensated absences and utilize them in future periods or receive cash in lieu thereof in accordance with the terms of such policies. The Group measures the expected cost of accumulating compensated absences as the additional amount that the Company incurs as a result of the unused entitlement that has accumulated at the reporting date. Such measurement is based on actuarial valuation as at the reporting date carried out by a qualified actuary.

**(n) Share-based payments**

Employees of the entities in the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).



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**Intas Pharmaceuticals Limited**  
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The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

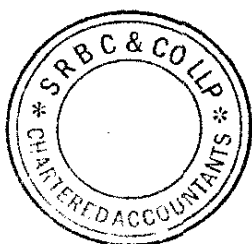
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**(o) Income tax**

**Current Income Tax**

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



**Intas Pharmaceuticals Limited**

**Notes to the Consolidated Financial Statements as at March 31, 2020**

**Deferred Tax**

*Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit under Income tax Act, 1961.*

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

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 the benefits of part or all of such deferred tax assets to be utilized.

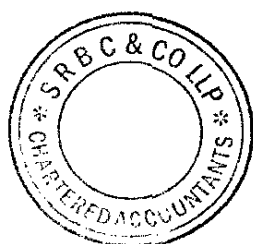
Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The deferred tax assets (net) and deferred tax liabilities (net) are determined separately for the Parent and each subsidiary company, as per their applicable laws and then aggregated.

**Presentation of current and deferred tax:**

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

*Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit only to the extent that it is probable that the Company will be able to set off against the normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company*



2020

2020

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recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

For units which enjoy tax holiday benefit, deferred tax assets and liabilities have been provided for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

**(p) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of Holding Company by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Holding Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, which includes all stock options granted to employees.

**(q) Financial instruments**

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

**Financial assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**Subsequent measurement**

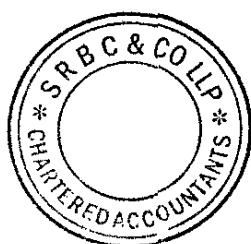
For purposes of subsequent measurement, financial assets are classified in four categories:

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

**Debt instruments at amortised cost**

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and



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**Notes to the Consolidated Financial Statements as at March 31, 2020**

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

**Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

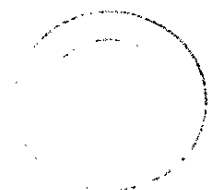
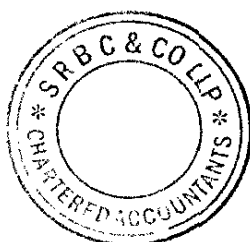
In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value.

The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling



**Intas Pharmaceuticals Limited****Notes to the Consolidated Financial Statements as at March 31, 2020**

of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

**Derecognition**

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

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

**Impairment of financial assets**

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

- (i) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- (ii) trade receivables

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

**Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.



**Intas Pharmaceuticals Limited**

**Notes to the Consolidated Financial Statements as at March 31, 2020**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**

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

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to the statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Group has not designated any financial liability as fair value through profit and loss.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.



## **Intas Pharmaceuticals Limited**

### **Notes to the Consolidated Financial Statements as at March 31, 2020**

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

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### **Derivative financial instruments**

##### **Initial recognition and subsequent measurement**

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks, interest rate, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- ▶ Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- ▶ Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- ▶ Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.





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**Notes to the Consolidated Financial Statements as at March 31, 2020**

**Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. The Company uses forward currency contracts and interest rate swaps as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

**(r) Cash and cash equivalents**

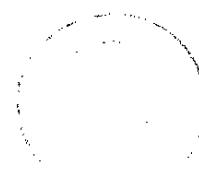
Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**(s) Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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



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**Notes to the Consolidated Financial Statements as at March 31, 2020**

**(t) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**(u) Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

**(v) Fair value measurement**

The Group measures financial instruments at fair value at each reporting date.

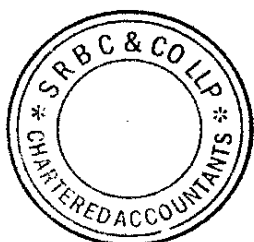
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes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

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

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

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

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



**Intas Pharmaceuticals Limited**

**Notes to the Consolidated Financial Statements as at March 31, 2020**

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

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

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

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

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

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

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies.

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions.
- Contingent consideration
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

**(w) Segment reporting**

Based on management approach as defined in Indian Accounting Standard 108 – Operating Segment, Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker for evaluation of Group's performance.

**(x) Changes in accounting policies and disclosures**

**New and amended standards here**

**Ind AS 116 Leases**

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.



**Intas Pharmaceuticals Limited**

**Notes to the Consolidated Financial Statements as at March 31, 2020**

Several other amendments apply for the first time for the year ending 31 March 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 1 April 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Refer note 44 for details.

**Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment**

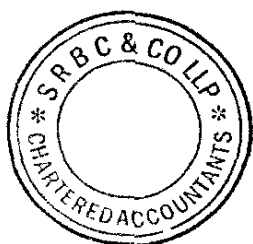
The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgment in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Appendix had an impact on its consolidated financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in



**Intas Pharmaceuticals Limited**

**Notes to the Consolidated Financial Statements as at March 31, 2020**

different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Appendix did not have an impact on the consolidated financial statements of the Group.

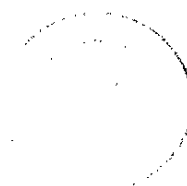
**Annual Improvements to Ind AS 2018**

***Ind AS 12 Income Taxes***

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 April 2019.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.



# **Intas Pharmaceuticals Limited**

Notes to the Consolidated Financial Statements as at March 31, 2020

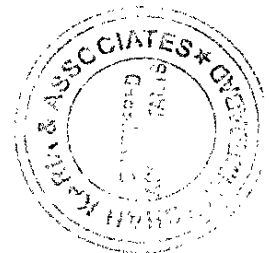
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

## **4. PROPERTY, PLANT AND EQUIPMENT**

Particulars	Right of use				Buildings	Plant and Equipments	Furniture & Fixtures	Vehicle	Computers	Total
	Freehold Land	Leasehold Land	Leasehold Land	Office Premises						
<b>Gross Block</b>										
As at April 01, 2018	1,971.15	677.96	-	-	7,408.44	13,120.35	1,294.76	425.31	477.42	25,367.39
Additions	69.71	369.32	-	-	290.13	3,682.51	396.06	98.16	238.01	5,143.90
Disposals	-	-	-	-	(6.95)	(40.66)	(13.46)	(57.75)	(12.30)	(131.12)
Foreign currency translation adjustments	-	0.49	-	-	(64.91)	(68.53)	(16.19)	0.10	(10.94)	(159.98)
As at March 31, 2019	2,040.86	1,047.77	-	-	7,618.71	16,693.67	1,661.17	465.82	692.19	30,220.19
Recognition on initial application of Ind AS 116 (refer note 44)	-	(1,047.77)	1,047.77	1,256.71	-	-	-	-	-	2,304.48
Transfer on account of impact on Ind AS 116	-	-	-	-	-	-	-	-	-	(1,047.77)
Additions	20.91	-	58.80	-	2,377.62	8,013.85	890.65	125.03	226.06	11,712.92
Disposals	-	-	-	-	(5.94)	(108.52)	(19.20)	(96.58)	(13.36)	(243.60)
Foreign currency translation adjustments	-	-	0.75	46.35	105.93	128.43	21.71	(2.40)	11.99	312.76
As at March 31, 2020	2,061.77	-	1,107.32	1,303.06	10,096.32	24,727.43	2,554.33	491.87	916.88	43,258.98
<b>Accumulated depreciation &amp; impairment</b>										
As at April 01, 2018	-	17.71	-	-	424.98	2,554.68	310.34	78.57	189.39	3,575.67
Depreciation for the year	-	12.66	-	-	216.11	1,453.67	213.74	65.81	162.34	2,124.33
On disposals	-	-	-	-	(3.90)	(25.27)	(7.37)	(34.01)	(10.09)	(80.64)
Foreign currency translation adjustments	-	0.10	-	-	(2.04)	(19.42)	(6.12)	(0.02)	(5.30)	(32.80)
As at March 31, 2019	-	30.47	-	-	635.15	3,963.66	510.59	110.35	336.34	5,586.56
Depreciation for the year	-	-	14.17	310.95	263.66	2,038.65	274.61	70.41	177.54	3,149.99
Transfer on account of impact on Ind AS 116	-	(30.47)	30.47	-	-	-	-	-	-	-
On disposals	-	-	-	15.97	(0.46)	(81.01)	(19.61)	(56.57)	(5.01)	(146.69)
Foreign currency translation adjustments	-	-	0.55	9.83	1.00	36.36	9.60	(2.20)	8.22	63.36
As at March 31, 2020	-	-	45.19	336.75	899.35	5,957.66	775.19	121.99	517.09	8,653.22
<b>Net Carrying value</b>										
Balance at March 31, 2019	2,040.86	1,017.30	-	-	6,983.56	12,730.01	1,150.58	355.47	355.85	24,633.63
Balance at March 31, 2020	2,061.77	-	1,062.13	966.31	9,196.97	18,769.77	1,779.14	369.88	399.79	34,605.76
<b>Capital work in progress</b>										
March 31, 2020	-	-	-	-	-	-	-	-	-	-
March 31, 2019	-	-	-	-	-	-	-	-	-	-

1. The title deeds of immovable properties included in property, plant and equipment are held in the name of the Group, except in the case of one freehold land with a net carrying value of Rs. 4.85 million, one building with carrying value of Rs 39.95 million (Gross Block of Rs 41.89 million) which are not registered in the name of the Holding company.

2. Cost of property, plant and equipment includes carrying value recognised as deemed cost as at April, 2015 (whereby accumulated depreciation of Rs 4,133.69 million as at April 1, 2015 was netted off with gross amount) measured as per previous GAAP and cost of subsequent additions.



3. The title deeds of immovable properties included in property, plant and equipment are held in the name of the Group, except in the case of one freehold land with a net carrying value of Rs. 4.85 million, one building with carrying value of Rs 39.95 million (Gross Block of Rs 41.89 million) which are not registered in the name of the Holding company.

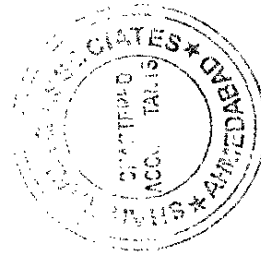
# **Intas Pharmaceuticals Limited**

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## **5. GOODWILL AND OTHER INTANGIBLE ASSETS**

Particulars	Goodwill (Refer Notes below)	Licenses & Commercial Rights	Marketing Authorisation	Software	Technical Knowhow	Total
<b>Gross Block</b>						
As at April 01, 2018	51,191.91	679.40	10,222.61	226.55	806.34	63,126.81
Additions	-	77.76	1,044.37	53.92	-	1,176.05
Disposals	-	-	(730.25)	(0.32)	-	(730.57)
Foreign currency translation adjustments	(835.40)	(9.92)	12.26	3.28	-	(829.78)
As at March 31, 2019	50,356.51	747.24	10,548.99	283.43	806.34	62,742.51
Additions	334.22	79.34	4,791.15	81.41	-	5,286.12
Disposals	-	-	(6.97)	-	-	(6.97)
Foreign currency translation adjustments	1,196.19	18.48	471.99	5.28	-	1,691.94
As at March 31, 2020	51,886.92	845.06	15,805.16	370.12	806.34	69,713.60
<b>Accumulated amortisation &amp; impairment</b>						
As at April 01, 2018	2,735.10	334.93	2,398.51	104.47	344.57	5,917.58
Amortisation for the year	911.70	141.07	1,742.34	49.36	123.67	2,968.14
Disposals	-	-	(692.24)	(0.32)	-	(692.56)
Foreign currency translation adjustments	-	(2.50)	(29.43)	1.04	-	(30.89)
As at March 31, 2019	3,646.80	473.50	3,419.18	154.55	468.24	8,162.28
Amortisation for the year	911.70	143.67	3,021.02	56.28	122.34	4,255.01
Disposals	-	-	(1.06)	-	-	(1.06)
Foreign currency translation adjustments	-	7.79	225.43	3.76	-	236.97
As at March 31, 2020	4,558.50	624.96	6,664.57	214.59	590.58	12,653.20
<b>Net Carrying value</b>						
Balance at March 31, 2019	46,709.71	273.73	7,129.81	128.88	338.10	54,580.23
Balance at March 31, 2020	47,328.42	220.10	9,140.59	155.53	215.76	57,060.40
<b>Intangible assets under development</b>						
Rs. million						
March 31, 2020	161.87					
March 31, 2019	90.60					



## Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

### Notes:

1. During the year ended March 31, 2016, the Scheme of Amalgamation of Intas Lifesciences Private Limited ("Transferor") with Intas Pharmaceuticals Limited ("Transferee") having an appointed date of April 1, 2014, was approved by the Hon'ble High Court of Gujarat pursuant to Sections 391-394 of the Companies Act, 1956. In accordance with the Scheme, the assets and liabilities of Transferor Group were recorded at the fair value and consequently, the amalgamation was accounted by Transferee Group under the 'Purchase Method' as prescribed by Accounting Standard 14 'Accounting for Amalgamations' of that point of time.

Accordingly, the Group had recognized Goodwill of Rs 9,117 million as at the appointed date under the Scheme which is being amortised over 10 years.

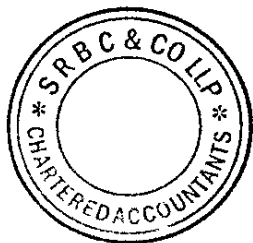
The above accounting treatment has been given effect in accordance with the Court Order which prevails over the accounting standards. Consequently, the aforesaid goodwill has been carried forward and continued to be amortised under Ind As

Goodwill is tested for impairment annually. The recoverable amount of the CGUs are determined from value -in-use calculation. The key assumptions for the value-in-use calculations are those regarding the discount rate, growth rates and expected changes to direct costs during the year. The Group prepares its forecasts based on the most recent financial budget approved by management with projected revenue growth rates and the rate used to discount the forecast. Based on workings and key assumptions As at March 31, 2020, the goodwill is not impaired. Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

a. In respect of the goodwill arising on amalgamation of Intas Lifesciences Pvt Ltd, the group prepares its forecast with projected revenue growth rates of 3% to 3.8% for next 5 years and the rate used for discounting of these forecast is 9%.

b. In respect of the goodwill arising on business combination of Accord-UK Limited (formerly Actavis UK Limited) and Actavis Ireland Limited, the group prepares its forecast with projected revenue growth rates of 2% and rate used for discounting of these forecast is 10%.

c. In respect of the goodwill arising on business combination of Essential Pharmaceuticals LLC, USA, the Group prepares its forecast with projected revenue growth rate of 1%. The rate used for discounting of these forecast is 15%.





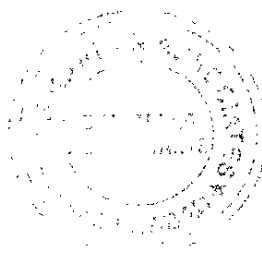
# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

6 INVESTMENTS	No of Shares		As at March 31	
	2020	2019	2020	2019
Non-current investment				
<u>Investment at fair value through other comprehensive income</u>				
<u>Investment in equity instruments (Quoted):</u>				
Common Stock of Viropro Inc. (USA) of par value of USD 0.001 each fully Paid up	181,766,666	181,766,666	13.71	12.57
Less: Provision for diminution in value of Investments			(13.71)	(12.57)
State Bank of India of Rs.10 each (Refer note 40)	560	-	0.11	-
			0.11	-
<u>Investment In equity instruments (Unquoted)</u>				
Common Units of Mobius Therapeutics LLC, USA	152	152	37.72	34.59
National Saving Certificate (Refer note 40)	100	-	-	-
			37.72	34.59
			37.83	34.59
Aggregate book value of quoted investments			13.82	12.57
Aggregate market value of quoted investments			0.11	-
Aggregate book value of unquoted investments			37.72	34.59
Aggregate amount of impairment in value of investments			(13.71)	(12.57)
7 OTHER FINANCIAL ASSETS				
	Non-current		Current	
	As at March 31		As at March 31	
	2020	2019 <sup>1</sup>	2020	2019 <sup>1</sup>
Unsecured, considered good				
Security deposits	128.06	140.04	23.66	28.54
Interest accrued on loans and deposits	-	1.39	8.50	-
Export benefit/MEIS license receivable	-	-	2,593.09	2,604.78
	128.06	141.43	2,625.25	2,633.32
8 DEFERRED TAX, NET			As at March 31	
			2020	2019 <sup>1</sup>
Entities having deferred tax liabilities, net			(2,364.43)	(713.73)
Entities having deferred tax assets, net			3,381.34	3,534.56
			1,016.91	2,820.83
Refer note 46 for details of deferred tax.				
9 TAX ASSETS, NET, NON-CURRENT			As at March 31	
			2020	2019 <sup>1</sup>
Advance income-tax (net of provision for taxation)			2,604.45	2,774.62
Liabilities for current tax, net			(196.06)	(541.99)
			2,408.39	2,232.63
10 OTHER ASSETS				
	Non-current		Current	
	As at March 31		As at March 31	
	2020	2019 <sup>1</sup>	2020	2019 <sup>1</sup>
Capital Advances				
Unsecured, considered good	223.48	216.37	-	-
	223.48	216.37	-	-
Advances recoverable in Cash or Kind				
Unsecured, considered good	29.07	12.05	1,340.18	1,059.73
	29.07	12.05	1,340.18	1,059.73
Others				
Unsecured, considered good				
Prepaid expenses	-	-	766.54	494.01
Advance to employees	-	-	33.34	69.91
Balances with statutory authorities	365.79	-	2,845.31	4,056.63
Return assets	-	-	63.63	8.75
Accrued income	-	-	219.46	219.01
Others	-	-	674.80	494.33
	365.79	-	4,603.08	5,342.64
	618.34	228.42	5,943.26	6,402.37

<sup>1</sup> Figures are restated as per note 48



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## 11 INVENTORIES

[Valued at lower of cost and net realisable value]

Raw materials and packing materials

(including goods in transit Rs.196.87 million (March 31, 2019: Rs.159.63 million))

Finished and traded goods

Work-in-progress

Fuel, stores, spares and others

As at March 31	
2020	2019 <sup>1</sup>
16,008.54	12,624.16
23,771.09	19,660.25
5,447.60	4,683.14
639.05	487.59
45,866.28	37,455.14

During the year the Group recorded inventory write-down of Rs.282.11 million (March 31, 2019: Rs.314.27 million).

## 12 TRADE RECEIVABLES

Secured, Considered good

Unsecured, considered good (Refer note (i) below)

Trade Receivables which have significant increase in Credit Risk

Trade Receivables - Credit impaired

Less: Allowance for impairment

As at March 31	
2020	2019 <sup>1</sup>
-	-
33,815.72	27,645.75
-	-
200.03	69.04
34,015.75	27,714.79
(200.03)	(69.04)
33,815.72	27,645.75

Note (i) For dues from related parties (Refer note 36)

## 13 LOANS

Unsecured, considered good

Loans to employees

Non-current		Current	
As at March 31		As at March 31	
2020	2019	2020	2019
8.98	9.60	7.08	8.70
8.98	9.60	7.08	8.70

Note: Since all the above loans given by the Company are unsecured and considered good, the bifurcation of loans in other categories as required by Schedule III of the Companies Act 2013 viz: a) secured, b) loans which have significant increase in credit risk and c) credit impaired is not applicable.

## 14 CASH AND CASH EQUIVALENTS

Balances with banks:

On current accounts

Cash on hand

As at March 31	
2020	2019
6,373.19	1,979.31
2.39	2.65
6,375.58	1,981.96

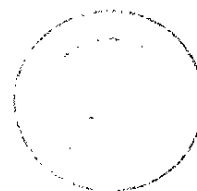
At March 31, 2020, the group has available Rs.4,658.72 million (March 31, 2019: Rs.4,977.79 million) of undrawn committed borrowing facilities.

## 15 OTHER BANK BALANCES

On deposits (with original maturity of more than 3 months)

Balances to the extent held as margin money deposits against guarantee

As at March 31	
2020	2019
112.20	46.26
112.20	46.26
64.61	15.43



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## 16 SHARE CAPITAL

	As at March 31			
	2020		2019	
	No. of shares	Amount	No. of shares	Amount
<b>Authorised Capital</b>				
<b>Equity shares</b>				
Equity shares of Rs. 10 each	175,466,752	1,754.67	175,466,752	1,754.67
	175,466,752	1,754.67	175,466,752	1,754.67
<b>Issued, Subscribed and Fully Paid-up Shares</b>				
Equity shares of Rs. 10 each	114,743,972	1,147.44	114,743,972	1,147.44
	114,743,972	1,147.44	114,743,972	1,147.44

### (a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

	As at March 31			
	2020		2019	
	No. of shares	Amount	No. of shares	Amount
<b>Equity Shares</b>				
At the beginning of the year	114,743,972	1,147.44	114,743,972	1,147.44
Changes during the year	-	-	-	-
Outstanding at the end of the year	114,743,972	1,147.44	114,743,972	1,147.44

### (b) Details of Shareholders holding more than 5% equity Shares in the Company

	As at March 31			
	2020		2019	
	No. of shares	% Holding	No. of shares	% Holding
Name of Shareholders				
Bindiben B Chudgar	18,348,561	15.99	18,348,561	15.99
Parulben U Chudgar	18,235,072	15.89	18,235,072	15.89
Binaben N Chudgar	16,883,983	14.71	16,883,983	14.71
Dunearn Investments (Mauritius) Pte Ltd	11,621,100	10.13	11,621,100	10.13
Kusumben H Chudgar	11,296,154	9.84	11,296,154	9.84
Nimish H Chudgar	9,447,766	8.23	9,447,766	8.23
Binish H Chudgar	7,986,194	6.96	7,986,194	6.96
Shail U Chudgar	6,217,469	5.42	6,217,469	5.42
Hasmukh K Chudgar	5,923,061	5.16	5,923,061	5.16
	105,959,360	92.33	105,959,360	92.33

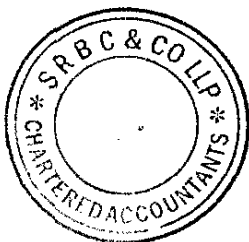
### (c) Terms / rights attached to equity shares

The Company has issued only one class of equity shares having a par value of Rs. 10 per share. Each equity shareholder is entitled to one vote per share. The Dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting and Company pays the same in Indian Rupees. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (d) Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option Scheme and Employee Stock Appreciation Right Scheme of the Company, refer note 43.

### (e) Refer note 45 for details of amounts accounted on account of impact of composite scheme of arrangement.



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## 17 OTHER EQUITY

### (a) Capital reserve

Balance as per last Balance Sheet

Less: Impact of composite scheme of arrangement (Refer note 45)

Add: Transferred from retained earnings

### (b) Capital redemption reserve

Balance as per last Balance Sheet

### (c) Securities premium account

Balance as per last Balance Sheet

Add: Impact of composite scheme of arrangement (Refer note 45)

### (d) General reserve

Balance as per last Balance Sheet

Add: Transferred from Share base payment reserve

### (e) Share base payment reserve

On account of Employee Stock Option Scheme

Balance as per last Balance Sheet

Addition during the year (Refer note 43)

Less: Transferred to General Reserve Account

On account of Stock appreciation rights scheme

Balance as per last Balance Sheet

Addition during the year (Refer note 43)

### (f) Retained earnings

Balance as per last Balance Sheet

Add: Profit for the year

Add: Impact of composite scheme of arrangement (Refer note 45)

Less: Re-measurement loss of defined benefit plans, net of tax

Less: Transfer to Capital Reserve

Less: Dividend on equity shares

Less: Dividend distribution tax

Less: Interim and special dividend

Less: Dividend distribution tax

Net Surplus in the Consolidated Statement of Profit and Loss

### OTHER COMPREHENSIVE INCOME (OCI)

### (g) Foreign currency translation reserve

Balance as per last Balance Sheet

Additions during the year

### (h) Cash flow hedge reserve

Net movement for the year

Tax impact

### (i) Net Investment Hedge Reserve

Balance as per last Balance Sheet

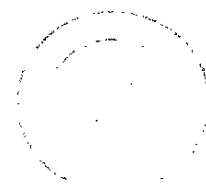
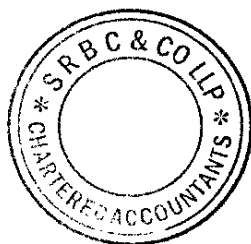
Net movement for the year

Tax impact

### Total other equity

Figures are restated as per note 48

As at March 31	
2020	2019 <sup>1</sup>
-	44.37
-	(377.81)
-	333.44
-	-
403.30	403.30
403.30	403.30
4,000.49	3,975.29
-	25.20
4,000.49	4,000.49
19,048.04	19,048.04
4.70	-
19,052.74	19,048.04
427.12	93.86
139.97	333.26
(4.70)	-
562.39	427.12
110.49	26.01
48.23	84.48
158.72	110.49
54,777.77	42,841.40
16,405.65	12,662.07
-	352.62
(142.16)	(122.39)
-	(333.44)
(516.35)	(516.35)
(106.14)	-
(745.84)	-
(153.31)	(106.14)
69,519.62	54,777.77
1,118.22	1,137.59
(40.55)	(19.37)
1,077.67	1,118.22
(17.76)	-
3.10	-
(14.66)	-
(502.64)	-
1,183.41	(640.63)
(206.62)	137.99
474.15	(502.64)
95,234.42	79,382.79



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## NATURE AND PURPOSE OF RESERVES

Capital Reserve : The reserve was created from time to time on account of various acquisitions, mergers and schemes of arrangement.

Capital Redemption Reserve : This reserve was created for redemption of preference shares issued in the financial year 2010-11. The preference shares were redeemed in the financial year 2011-2012.

Securities Premium : Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General Reserve : General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes.

Share based payment Reserve : The share options based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

Foreign currency translation Reserve : Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Cash flow hedge reserve - The Company uses hedging instruments as part of management of foreign currency risk and interest rate risk associates on borrowing for hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, option range forward. To the extent these hedges are effective, the change in fair value of hedging instrument is recognized in cash flow hedge reserve. Amount recognized in the cash flow hedge reserve is re classified to the statement of profit or loss when the hedged item affects profit or loss.

Net Investment Hedge Reserve : A Net Investment Hedge Reserve is reserve arising from an entity's Net Investment in a Foreign Operation. The same includes the foreign exchange fluctuation on loans to foreign currencies for which the payment is not expected in foreseeable future.

## a) Dividend distribution made and proposed

Particulars	As at March 31 2020	As at March 31 2019
<b>Cash dividend on equity shares declared and paid</b>		
Final dividend for the year ended on March 31, 2020 (Rs. 4.50 per share)(Previous year: Rs. 4.50 per share)	516.35	516.35
Interim dividend on equity shares for the year ended on March 31, 2020 : Rs.4.50 per share	516.35	-
Special dividend on equity shares for the year ended on March 31, 2020 : Rs.2 per share	229.49	-
Dividend distribution tax	259.45	106.14
<b>Proposed dividend on equity shares</b>		
Final dividend for the year ended on March 31, 2020: Rs Nil per share (previous year: Rs. 4.50 per share)	-	516.35
Dividend distribution tax	-	106.14

Proposed dividend on equity shares is subject to the approval at the Annual General Meeting and not recognised as liability (including DDT thereon) as at the Balance Sheet date and hence no effect is given in these consolidated financial statements.

b) Refer note 45 for details of amounts accounted on account of impact of composite scheme of arrangement.

## 18 LONG TERM BORROWINGS

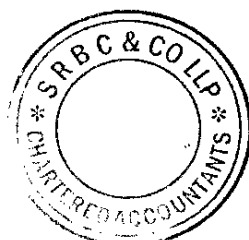
	Non-current		Current	
	As at March 31		As at March 31	
	2020	2019	2020	2019
Term Loans from Banks - at amortised cost				
Foreign Currency Loans (Secured)	25,916.90	35,351.32	14,762.64	10,309.61
Other Loans				
Unsecured	-	15.34	15.34	32.63
	25,916.90	35,366.66	14,777.98	10,342.24
<b>The above amount includes:</b>				
Secured Borrowings	25,916.90	35,351.32	14,762.64	10,309.61
Unsecured Borrowings	-	15.34	15.34	32.63
Amount disclosed under the head "Other current financial liabilities" (refer note 24)	-	-	(14,777.98)	(10,342.24)
<b>Net Amount</b>	<b>25,916.90</b>	<b>35,366.66</b>	<b>-</b>	<b>-</b>

(i) **Loan taken by Intas (Parent company)** : The foreign currency loan is secured by

- First ranking pari passu charge on movable assets
- Second pari passu floating charge on current assets
- First ranking pari passu charge on certain trademarks of the Company.
- First ranking pari passu charge on immovable properties of the Company.

### Repayment schedule

Rate of Interest	As at March 31 2020	2020-21	2021-22	2022-23
Euribor + 2.45%	21,616.40	4,323.28	8,646.56	8,646.56



## Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

(ii) **Loan taken by Accord Healthcare Limited, UK :** The loan taken by Accord Healthcare Limited, UK (Accord) for Sr.no.(i) Libor + 2.30% is secured by :

- First priority pledge over all shares of the Accord
- First priority pledge over all shares of Accord UK Limited (earlier known as Actavis UK Limited) and Accord Healthcare Ireland Limited (earlier known as Actavis Ireland Limited).
- First ranking security over all assets and accounts of the Accord in the UK, present and future [excluding shares (other than Shares of Accord UK Limited (earlier known as Actavis UK Limited) and Accord Healthcare Ireland Limited (earlier known as Actavis Ireland Limited) and material contracts].
- First ranking security over all assets and accounts of Accord UK Limited (earlier known as Actavis UK Limited) and Accord Healthcare Ireland Limited (earlier known as Actavis Ireland Limited) in the UK and Ireland, present and future;
- Assignment of the Accord's rights under the Share Purchase Agreement;
- Assignment of shareholder loans from Intas to the Accord

### Repayment schedule

Rate of Interest	As at March 31 2020	2020-21	2021-22	2022-23	2023-24	2024-25
(i) Libor + 2.30%	15,179.64	10,144.94	3,034.70	-	-	-
(ii) Libor + 2.4456%	3,525.21	-	-	1,177.86	1,180.09	1,167.26

(iii) **Loan taken by Accord Healthcare Inc., USA :**

- Loan taken from CITI Bank, N.A. amounting to USD 1.80 million, for working capital purposes at the interest rate of 3 months LIBOR plus 0.65%. The loan is due for repayment on April 16, 2018. the same is renewable on mutual consent.
- Loan taken from Standard Chartered Bank, Singapore amounting to USD 28.5 million at a variable Interest rate of 180 days LIBOR plus 1.95% for acquisition of firm named as "Essential Pharmaceutical LLC, USA". The said loan is secured through second pari passu floating charge on inventory, trade and other receivables of the Accord Healthcare Inc., USA. Apart from the security provided by the company, the loan is also secured by way of Stock pledge of holding company's (Intas Pharmaceuticals Limited's) holding in the Accord Healthcare Inc., USA. The Loan is repayable in 6 half yearly installments starting from January 2018 amounting to USD 4.75 million each.

Rate of Interest	As at March 31 2020	2020-21
Libor + 1.95%	358.29	358.29

(iv) Other loans from Biotechnology Industry Research Assistance Council [BIRAC] is repayable as per table below.

Rate of Interest	As at March 31 2020	2020-21
3%	15.34	15.34

## 19 OTHER NON-CURRENT FINANCIAL LIABILITIES

Deposits received  
Lease Liabilities  
Others

As at March 31	
2020	2019 <sup>1</sup>
274.03	246.31
680.70	-
-	6.00
<b>954.73</b>	<b>252.31</b>

## 20 PROVISIONS

### Provision for employee benefits

Provision for gratuity (Refer note 37)  
Provision for leave encashment / other benefits  
Provision for pension (Refer note 37)

### Other provisions

Customer return and rebates

Non-Current		Current	
As at March 31		As at March 31	
2020	2019 <sup>1</sup>	2020	2019 <sup>1</sup>
804.77	899.99	314.95	83.19
706.99	716.74	192.46	204.69
-	-	46.27	38.25
<b>1,511.76</b>	<b>1,616.73</b>	<b>553.68</b>	<b>326.13</b>
-	-	<b>1,052.50</b>	<b>700.44</b>
-	-	<b>1,052.50</b>	<b>700.44</b>
<b>1,511.76</b>	<b>1,616.73</b>	<b>1,606.18</b>	<b>1,026.57</b>

Provision for Customer return and rebates

Opening balance  
Add: Created during the year  
Less: Utilised during the year  
Closing balance

As at March 31	
2020	2019 <sup>1</sup>
700.44	738.93
1,052.50	700.44
(700.44)	(738.93)
<b>1,052.50</b>	<b>700.44</b>

<sup>1</sup> Figures are restated as per note 48



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## 21 GOVERNMENT GRANTS

	Non-Current		Current	
	As at March 31		As at March 31	
	2020	2019	2020	2019
Government Grants	52.59	11.79	7.95	2.95
	52.59	11.79	7.95	2.95

## 22 SHORT TERM BORROWINGS

	As at March 31	
	2020	2019
<b>Secured Borrowings from Bank - at amortised cost</b>		
Working capital facilities from banks	7,192.59	1,866.38
Foreign currency loans from banks	2,172.03	1,600.00
<b>Unsecured Borrowings from Bank - at amortised cost</b>		
Foreign currency loans from banks	5,590.65	3,683.90
	14,955.27	7,150.28
The above amount includes:		
Secured borrowings	9,364.62	3,466.38
Unsecured borrowings	5,590.65	3,683.90
	14,955.27	7,150.28

Secured borrowings includes consortium finance for the working capital facilities which are secured against entire current assets and movable properties and specific immovable properties of the Intas Pharmaceuticals Limited at varying coupon repayable on demand.

Working capital facilities from bank include bank overdraft of Rs 1,026.63 million (March 31, 2019: Rs. 389.50 million)

## 23 TRADE PAYABLES

	As at March 31	
	2020	2019 <sup>1</sup>
Trade Payables	21,224.41	21,833.59
	21,224.41	21,833.59

Note: For due to related parties (Refer note 36)

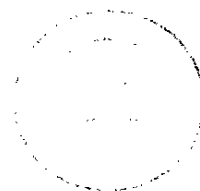
## 24 OTHER CURRENT FINANCIAL LIABILITIES

	As at March 31	
	2020	2019 <sup>1</sup>
Current Maturities of long term borrowings (refer note 18)	14,777.98	10,342.24
Capital creditors	317.48	487.61
Book overdraft	-	100.91
Derivative instruments at fair value through other comprehensive income (Option range forward)	17.76	-
Interest accrued	143.65	136.30
Lease Liabilities	299.67	-
Retro discounts and others payable	13,540.57	10,715.55
	29,097.11	21,782.61

## 25 OTHER CURRENT LIABILITIES

	As at March 31	
	2020	2019 <sup>1</sup>
Advance from customers	283.30	123.37
Payables to statutory authorities	2,402.33	828.89
Others (including deferred income)	172.89	240.60
	2,858.52	1,192.86

<sup>1</sup> Figures are restated as per note 48



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## 26 REVENUE FROM OPERATIONS

### Revenue from contract with customers

Revenue from sale of goods

Revenue from license fees and services

### Other operating income

Export benefits

Other income

Year ended March 31	
2020	2019 <sup>1</sup>
145,899.16	126,673.75
395.56	556.93
146,294.72	127,230.68
1,992.13	1,682.03
257.86	459.95
2,249.99	2,141.98
148,544.71	129,372.66
44,804.59	39,857.82
10,121.67	8,429.47
91,368.46	78,943.39
146,294.72	127,230.68

### Revenue from contracts with customers disaggregated based on geography

Domestic

Export

International

Year ended March 31	
2020	2019
146,039.74	127,030.34
254.98	200.34
146,294.72	127,230.68

### (i) Timing of revenue recognition

Goods and services transferred at a point in time

Services transferred over time

Year ended March 31	
2020	2019
63.63	8.75
1,052.50	700.44

### (ii) Right of return assets and refund liabilities

Right of return assets

Refund liabilities

Arising from rights of return

(iii)	Contract balances	31-Mar-20	31-Mar-19	01-Apr-18
	Trade receivables	33,815.72	27,645.75	25,432.22
	Contract liabilities	283.30	123.37	174.83

### (iv) Set out below is the amount of revenue recognised from:

Amounts included in contract liabilities at the beginning of the year

Year ended March 31	
2020	2019
123.37	174.83

### (v) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Revenue as per contracted price

Adjustments

Less : Discount

Less : Sales return

Less : Chargeback / Allowance

Revenue from contracts with customers

Year ended March 31	
2020	2019 <sup>1</sup>
258,084.38	235,638.98
31,363.23	25,837.44
1,920.29	1,481.99
78,506.14	81,088.87
146,294.72	127,230.68

## 27 OTHER INCOME

Interest Income on - Bank deposits

- Others

Insurance claims

Gain on sale of investment

Gain on liquidation of subsidiary

Grant income

Interest subsidy received from government

Other non-operating Income

Year ended March 31	
2020	2019 <sup>1</sup>
19.73	1.52
14.53	14.31
51.92	63.54
5.91	2.97
-	0.20
4.20	2.95
-	28.46
137.03	105.61
233.32	219.56

<sup>1</sup> Figures are restated as per note 48





# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## 28 COST OF MATERIALS CONSUMED

	Year ended March 31	
	2020	2019 <sup>1</sup>
Inventory at the beginning of the year	12,624.16	11,091.21
Add: Purchases	43,817.02	38,638.99
Add: Pursuant to the Acquisition of subsidiary	76.06	-
	56,517.24	49,730.20
Less: Inventory at the end of the year	16,008.54	12,624.16
	40,508.70	37,106.04

## 29 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	Year ended March 31	
	2020	2019 <sup>1</sup>
Inventory at the end of the year		
Work-in-progress	5,447.60	4,683.14
Finished and Traded Goods	23,771.09	19,660.25
	29,218.69	24,343.39
Inventory at the beginning of the year		
Work-in-progress	4,683.14	3,258.76
Finished and Traded Goods	19,660.25	17,917.75
	24,343.39	21,176.51
Pursuant to the Acquisition of subsidiary	91.80	57.24
Foreign currency translation difference	771.22	(228.77)
	(4,012.28)	(3,338.41)

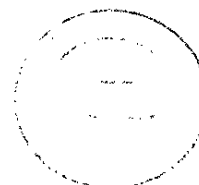
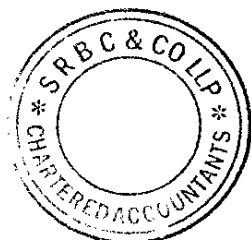
## 30 EMPLOYEE BENEFIT EXPENSES

	Year ended March 31	
	2020	2019
Salaries, wages and bonus	21,947.11	18,953.88
Contribution to provident and other funds	1,527.41	1,199.33
Gratuity and Other plans (Refer note 37)	219.47	273.56
Staff welfare expenses	511.11	473.61
	24,205.10	20,900.38

## 31 FINANCE COSTS

	Year ended March 31	
	2020	2019 <sup>1</sup>
Interest on borrowings (including interest on lease liabilities of Rs.30.56 million)	1,956.76	1,977.20
Other Interest	14.41	-
Net (gain)/loss on foreign currency transaction and translation on borrowings	1,528.57	(1,041.27)
Bank charges	251.46	90.44
	3,751.20	1,026.37

<sup>1</sup> Figures are restated as per note 48



## Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

### 32 OTHER EXPENSES

	Year ended March 31	
	2020	2019 <sup>1</sup>
Consumption of stores and spares	1,747.75	1,924.14
Power and fuel	1,659.54	1,379.19
Processing charges and payment to contractors	801.94	786.45
Laboratory expenses	1,745.90	1,466.29
Repairs and maintenance		
- Building	49.36	49.98
- Plant and machinery	293.56	265.30
- Others	830.47	652.76
Rent	281.01	360.48
Rates and taxes	293.55	343.96
Insurance	584.57	512.10
Travelling and conveyance	2,347.06	2,545.66
Communication costs	126.94	145.57
Printing and stationery	137.67	134.21
Legal and professional fees	3,502.71	3,419.88
Net foreign exchange (gain) / loss	(729.84)	146.71
Non-Executive Directors' remuneration	13.38	14.71
Donations (Refer note (i))	71.89	167.72
Product development expenses	5,906.22	5,313.44
Goodwill written off	-	0.49
Bad debts/ advances / sundry balances written off	169.07	130.20
Provision for doubtful debts and advances	58.63	132.44
Loss on sale of property, plant and equipment (net)	42.14	12.22
Corporate social responsibility expenditure (refer note 42)	67.11	67.06
Commission on sales	777.89	725.71
Freight and forwarding on sales	5,493.94	6,010.85
Representative expenses and allowances	100.63	62.71
Marketing expenses	12,042.16	11,999.51
Miscellaneous expenses	1,436.03	1,412.16
	<b>39,851.28</b>	<b>40,181.90</b>

<sup>1</sup> Figures are restated as per note 48

Note (i) Donation includes Rs.60 million (previous year : Rs.150 million) towards payment through Electoral bonds.

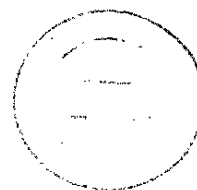
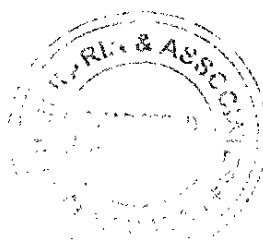
### 33 COMMITMENTS

	Year ended March 31	
	2020	2019
<b>Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	2,301.10	3,768.84

#### Other commitments

The Company had obtained duty free/concessional duty licenses for import of capital goods by undertaking export obligations under the "Export Promotion of Capital Goods (EPCG) Scheme" and import of goods under "Advance License Scheme". The Company needs to fulfill all these export obligations and has to apply for redemption of licenses on completion of the same. Future outstanding export obligation under the EPCG scheme is Rs. 1,527.54 million (Previous year Rs. 1,558.68 million).

Future outstanding export obligation under advance license scheme is Rs. 2,683.79 million (Previous year Rs. 2,347.23 million respectively).



## Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

### 34 CONTINGENT LIABILITIES NOT PROVIDED FOR

	Year ended March 31	
	2020	2019
(a) Bank Guarantees issued by the Bankers	634.05	573.50
(b) Letter of Credit for imports	278.26	725.76
(c) Claims against the Company not acknowledged as debts		
Income Tax *	2,849.04	2,493.82
Excise Duty and Service Tax **	1,144.27	1,113.66
GST	156.38	-
VAT ***	118.79	132.76
Customs **	6.72	35.55
The Competition Commission of India (CCI)****	555.97	555.97
Claims by Directorate General of Foreign Trade (DGFT)	14.12	14.12

\* Claims against the group not acknowledged as debts include demands from Indian Income tax authorities for payment of additional income taxes of Rs. 2634.30 million. (Previous Year Rs. 2269.24 million) for the Assessment years 2007-08 to 2016-17; based on assessment/rectification/effects/stay/abeyance/appeal orders received/expected; Rs.123.16 million. (Previous Year Rs.132.99 million) of TDS demands raised/effects of appeals received/expected in respect of Assessment Years 2011-12 to 2013-14 under a TDS survey proceeding; Fringe Benefit Taxes in respect of Assessment years 2006-07 to 2008-09 amounting to Rs.91.59 million. (Previous year Rs.91.59 million) arose on account of adverse appeal decision in Department's appeal. Based on various decisions of appellate authorities in similar matters and the interpretations of relevant positions, the group has been advised that the demands are likely to be either deleted or substantially reduced and accordingly no provision has been made in the financial statements. The matters are pending/being preferred before respective appellate authorities and not yet settled and hence such outflow would be determined on such settlement.

\*\* Towards levy of Excise duty, Service Tax, GST and Customs Duty, including penalty but other than interest thereof on account of issues relating to classification, valuation, CENVAT credit on inputs, capital goods and input services under Central Excise Act, 1944 & Central Excise Tariff Act, 1985, and rules made thereunder, Finance Act, 1994 and Rules made thereunder, relevant GST Acts and Rules made thereunder, Customs Act, 1962 & Customs Tariff Act, 1975 and rules made thereunder and Foreign Trade Policy, against which group has appealed before ACCE/CCE(A)/ADGFT/RA/CESTAT/High Court/Supreme Court. As per the opinion obtained from various counsels, the group does not anticipate any liabilities against the above claims.

\*\*\* VAT assessment of Gujarat State has completed upto the year 2016-17, and other than State of Gujarat group have disputed liability of Rs 118.79 million (Previous year Rs 132.76 million) raised by the statutory bodies in the State of West Bengal, Uttar Pradesh, Andhra Pradesh, Orissa and Kerala for which hearing of appeals at various forums are pending.

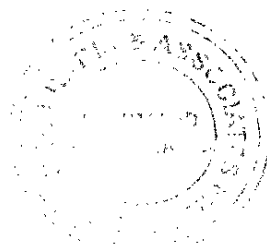
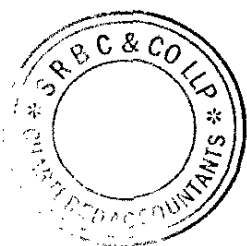
\*\*\*\* The Competition Commission of India (CCI) vide its order dated June 03, 2019 has imposed a penalty of INR 555.97 million on the Company alleging appointment of the new stockiest of the Company subject to permission (NOC /LOC) of Association in contravention of certain provisions of the Competition Act, 2002. NCLAT vide its order dated 08.08.2019 has stayed the Order of the CCI and directed the Appellants to deposit 10% of the penalty amount by way of FDR. We have deposited the FDR as directed by NCLAT.

(d) The Group company is involved in various legal proceedings including product liability, contracts and other regulatory matters relating to conduct of its business. The Company records a provision in the financial statements to the extent that it concludes that a liability is probable and estimable based on the status of these cases, advice of the counsel, management assessment of the likely damages etc. The Company carries product liability insurance / is contractually indemnified by the manufacturer, for an amount it believes is sufficient for its needs. In respect of other claims, the Company believes, these claims do not constitute material litigation matters and with its meritorious defences the ultimate disposition of these matters are not expected to have material adverse effect on its Financial Statements.

(e.) Accord Healthcare Inc., North Carolina, USA is involved in lawsuits, including both patent (including challenges under 21 U.S.C. § 355(j)(2)(A)(vii)(IV) and 21 C.F.R. § 314.95(c)(6), commonly referred to as Paragraph IV Challenges) and other commercial matters that arise from time to time in the ordinary course of business.

Owing to uncertainties revolving around these matters in terms of the stage of the proceedings (in many cases trial dates have not been set) and the overall length and extent of pre-trial discovery, the entitlement of the parties to an action to appeal a decision; clarity as to theories of liability, uncertainties in timing of litigation and the possible need for further legal proceedings to establish the appropriate amount of damages, if any, it is not possible to ascertain and quantify actual financial impact.

Although there can be no assurance regarding the outcome of any of the legal proceedings or investigations referred to in this Note, the Group does not expect them to have a materially adverse effect on its financial position.



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

- (f) Accord Healthcare Inc., North Carolina, USA has been named in a number of lawsuits related to the use of docetaxel for treatment of breast cancer resulting in long-term hair loss (product liability claim). There are over 8,000 cases consolidated into a multi-district litigation (the "MDL") pending in federal court in the Eastern District of Louisiana. Accord Healthcare Inc., North Carolina, USA has been named and served in over 2,300 of these cases. Accord Healthcare Inc., North Carolina, USA is scheduled to go to trial in one of the bellwether cases in Fall, 2020. Additionally, Accord Healthcare Inc., North Carolina, USA has been named and served in approximately 40 cases pending in State court in New Jersey and Delaware. Notices of Removal have been filed in the New Jersey State court cases with the goal of transferring the State court cases to the MDL. These matters are insured. Accord Healthcare Inc., North Carolina, USA and its insurance provider are vigorously defending these claims and has engaged counsel as appropriate in various jurisdictions.
- (g) Accord Healthcare Inc., North Carolina, USA has been named and served in a case brought by Jim Hood, Attorney General of the State of Mississippi. The suit seeks civil damages for violations of the Mississippi Consumer Protection Act. Under various grounds available under the facts and the law, Company is seeking dismissal of the complaint.
- (h) In August 2018 Accord Healthcare Inc., North Carolina, USA initiated a nationwide consumer-level recall of one lot of its Hydrochlorothiazide Tablets USP 12.5 mg, 100 count, Lot Number PW05264, Manufacturing Date: 12/2017, Expiry Date: 11/2019. Since that time Accord Healthcare Inc., North Carolina, USA has received numerous claims and tenders of indemnity related to the recall, though no lawsuits have been filed to date. Accord Healthcare Inc., North Carolina, USA is currently answering these claims with correspondence explaining that the recall most happened inside the pharmacy in which the claim was made. Additionally, Accord has been sued in two cases, one in Federal court in Louisiana and one in State court in Louisiana. Accord has moved for summary judgment in both matters. Accord Healthcare Inc., North Carolina, USA believes that the mix up occurred at the pharmacy that raised the complaint and not at the manufacturing unit of Intas. Intas does carry insurance that may cover these claims.
- (i) The Competition and Markets Authority (CMA) is currently investigating matters relating to the pricing of Hydrocortisone in the UK. The CMA has previously issued a draft penalty statement indicating the fine it proposed to issue in connection with its investigation into Accord-UK Limited's (formerly Actavis UK Limited, one of the subsidiaries of Accord Healthcare Limited) pricing of Hydrocortisone tablets in the UK. However, the company is advised that the level of the fine proposed by the CMA is open to serious question from a legal point of view and representations challenging every aspect of the proposed fine have been made to the CMA. Furthermore, there have subsequently been significant developments in the area of law pertinent to the investigation, which are not yet settled finally, and it is not clear how the CMA may be planning to amend its case in light of these changes. Fines for competition law infringements can be up to 10% of the global group turnover. However, given the current uncertainty, it is not possible to quantify any such fine in relation to the investigation into the pricing of Hydrocortisone, where the investigation is ongoing. If any fine is ultimately imposed, the group will have the opportunity to appeal that fine. If a fine is imposed and any appeal is ultimately unsuccessful, litigation may be issued against the group in connection with these matters.

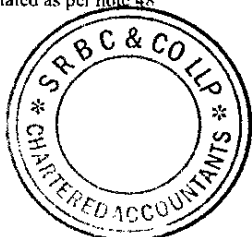
In relation to above, if any such fines are imposed (and any appeals are unsuccessful), the group may benefit from contractual protections/indemnification in connection with these matters from third parties, which would offset a significant part of any losses suffered by the group. Such protections arise from the agreements relating to the divestment of Actavis UK Limited (now Accord-UK Limited) by its previous owner and its acquisition by Intas Pharmaceuticals Limited. Given the current uncertainty, it is therefore not possible to quantify the value of any such assets. However, as the contractual protection/indemnification covers the period up to closing of that divestment in January 2017 and given that the alleged infringement relating to the pricing of Hydrocortisone tablets in the UK is for the most part historical, the directors therefore estimate that the contractual protection/indemnification should significantly offset any related contingent liability that may arise.

- (j) Former employee of Accord Healthcare Inc., Canada has filed a suit against the entity for wrongful dismissal. In the opinion of management, the outcome of the lawsuit, now pending with a court, is not determinable. Should any loss result from the resolution of this claim, such loss will be charged to operations in the year of resolution. The group has assessed that it is only possible, but not probable, that outflow of economic resources will be required.

## 35 EARNINGS PER SHARE (EPS)

		Year ended March 31	
		2020	2019 <sup>1</sup>
Net Profit as per Consolidated Statement of Profit and Loss (Basic & Diluted)	Rs.in million	16,405.66	12,662.06
Opening number of Equity Shares	Nos.	114,743,972	114,743,972
Weighted average number of equity shares in calculating basic EPS	Nos.	114,743,972	114,743,972
Add: Weighted average number of shares arising out of outstanding stock options and rights that have dilutive effect on EPS	Nos.	270,901	156,800
Weighted average number of equity shares in calculating diluted EPS	Nos.	115,014,873	114,900,772
Basic Earning Per Share	Rs	142.98	110.35
Diluted Earning Per Share	Rs	142.64	110.20
Nominal Value of Shares	Rs	10.00	10.00

<sup>1</sup> Figures are restated as per note 48



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## 36 INFORMATION IN RESPECT OF RELATED PARTIES

### List of Related parties and their relationships

#### A Enterprises where Key Managerial Personnel have Significant Influence (EHSI)

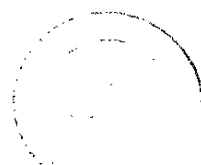
Advanced Transfusion Medicine Research Foundation  
Arron Fresh Private Limited  
Astron Packaging Limited  
Cytas Research Limited (upto February 11, 2019)  
Epsilon Marketing and Consultancy Private Limited  
Equatorial Private Limited (upto February 11, 2019)  
Intas Enterprise Private Limited (upto February 11, 2019)  
Jina Pharmaceuticals Inc.,USA  
Jina Pharmaceuticals Limited  
Lambda Therapeutic Research Limited  
Lambda Therapeutic Research Sp. Z.o.o. Poland  
Lambda Therapeutic Limited,UK  
One Advertising & Communication Services Limited  
Oncology Services India limited  
Prime Paediatrics Private Limited (upto October 16, 2018)  
Lambda Therapeutic Research Inc., USA  
Lambda Therapeutic Research Inc., Canada  
Unipath Specialty Laboratory Limited  
Lambda Clinical Services Limited  
Intas Welfare Trust  
Occura Eyecare Private Limited  
Astron Tours and Travels Private Limited  
Accord Healthcare (Kenya) Limited (Till June 27, 2018)  
Accord Healthcare Limited (w.e.f August 31, 2018)

#### B Key Managerial Personnel (KMP) and their relatives

Mr. Hasmukh K. Chudgar  
Mr. Binish H. Chudgar  
Mr. Nimish H. Chudgar  
Dr. Urmish H. Chudgar  
Mrs. Kusum Chudgar  
Mrs. Binaben N Chudgar  
Mrs. Bindiben H Chudgar  
Mrs. Parulben U Chudgar  
Mr. Shail U Chudgar  
Mr. Jayesh S. Shah  
Mr. Tushar D. Shroff  
Mr. Manoj N. Nair

#### C Independent Directors

Mr. TP Ostwal  
Mr. John Goddard  
Mr. Surender Kumar Tuteja



# INTAS PHARMACEUTICALS LIMITED

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## 36 INFORMATION IN RESPECT OF RELATED PARTIES (Cont..)

	Particulars	Enterprises Having Significant Influence (EHSI)		Key Managerial Personnel (KMP) and their relatives		Total	
		Mar-20	Mar-19 Restated	Mar-20	Mar-19 Restated	Mar-20	Mar-19 Restated
(ii)	<b>Related Party Transactions</b>						
	Sale of finished goods / services	-	5.66	-	-	-	5.66
	Purchase of PPE and-Intangibles	163.11	-	-	-	163.11	-
	Receiving of materials and services	3,978.79	3,179.72	-	-	3,978.79	3,179.72
	Reimbursement of expenses	-	31.35	-	-	-	31.35
	Rent / interest paid	-	-	1.99	1.90	1.99	1.90
	Rent / interest received	0.96	0.96	-	-	0.96	0.96
	Dividend paid	-	238.72	1,058.47	194.29	1,058.47	433.01
	Remuneration to Key Managerial Personnel *	-	-	821.55	814.54	821.55	814.54
	Payment to Independent Directors	-	-	13.38	14.71	13.38	14.71
	* Amount includes Employee's stock option expense related to option granted to one of the KMP						
(iii)	<b>Balances outstanding</b>						
	Trade receivables	3.59	1.13	-	-	3.59	1.13
	Trade / others payable	524.17	981.75	309.62	1.06	833.79	982.81
	Advance to Creditors	26.81	37.17	-	-	26.81	37.17

Note : The remuneration to the key managerial personnel does not include the provisions made for gratuity, as it is determined on an actuarial basis for the Group as a whole.



**Intas Pharmaceuticals Limited**

**Notes to the Consolidated Financial Statements as at March 31, 2020**

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

**37 DETAILS OF EMPLOYEE BENEFITS**

- (a) Employees of the certain group companies receives benefits of provident fund, a defined contribution plan. Both the employee and employer make monthly contributions to government administered fund equal to 12% of the covered employee's qualifying salary. The Group has no further obligations under the plan beyond its monthly contributions. The Group contributed Rs.500.91 million and Rs. 431.89 million to the provident fund plan during the years ended March 31, 2020 and March 31, 2019, respectively.
- (b) The Group has a defined benefit gratuity plan (funded). The scheme is funded with Life Insurance Corporation. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and amounts recognised in the Balance Sheet for the plan.

**STATEMENT OF PROFIT AND LOSS**

**Net employee benefit expense (recognised in employee cost):**

**Expense recognised in the Consolidated Statement of Profit and Loss for the year**

	2020	2019
Current service cost	141.53	114.73
Interest cost on benefit obligation	78.92	-
Return on plan assets	(3.31)	61.26
	<b>217.14</b>	<b>175.99</b>

**Expense recognised in other comprehensive income for the year**

Net actuarial (gain) / loss recognised in the year		
- Due to change in financial assumptions	111.42	18.53
- Due to experience	57.60	49.87
	<b>169.02</b>	<b>68.40</b>

**Net Benefit Expense**

	<b>386.16</b>	<b>244.39</b>
--	---------------	---------------

**BALANCE SHEET**

**Changes in the present value of the defined benefit obligation are as follows:**

Opening Defined Benefit Obligation	983.18	777.43
Acquisition of Subsidiary	2.55	-
Current Service Cost	141.53	114.73
Interest Cost on Benefit Obligation	78.92	61.26
Benefits paid	(52.17)	(38.64)
Actuarial (Gains) / Losses on Obligation	169.02	68.40
Closing Defined Benefit Obligation	<b>1,323.03</b>	<b>983.18</b>

**Plan Assets**

Reconciliation of fair value of plan assets		
Opening balance of plan assets	-	-
Return on plan assets excluding amounts included in Interest income	3.31	-
Contribution of employer	200.00	-
Closing Balance of plan assets	<b>203.31</b>	<b>-</b>

**Net Defined benefit obligation recognised in balance sheet**

	<b>1,119.72</b>	<b>983.18</b>
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The principle assumption used in determining Gratuity Obligation for the Group's plan are shown below:

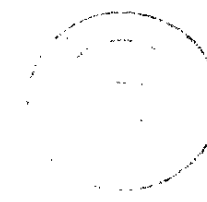
Discount Rate	6.83	7.69
Expected Return on Plan Assets	6.83	N.A.
Increase in compensation cost	8.50	8.50
Rate of Employee Turnover		

For service 4 years and below 10.00% p.a. For service 5 years and above 5.00% p.a.

Indian Assured Lives Mortality (2006-08)

Indian Assured Lives Mortality (2006-08)

Mortality Rate During Employment



## 37 DETAILS OF EMPLOYEE BENEFITS

	As at March 31	
	2020	2019
Within the next 12 months (next annual reporting period)	94.32	83.19
Between 2 and 5 years	286.16	227.74
Beyond 5 years	2,837.51	2,341.80
	3,217.99	2,652.73

Major categories of plan assets of the fair value of the total plan assets of gratuity are as follows:

Insurance Funds	203.31	-
% of total plan assets	100%	-
Expected contribution to planned assets for next year (gratuity)	417.24	-

**Sensitivity Analysis for each significant actuarial assumption:**

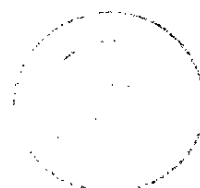
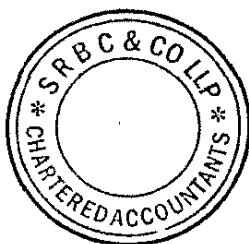
The significant actuarial assumptions for the determination of defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of respective assumptions occurring at the end of reporting period, while holding all other assumptions constant.

	(Rs Millions)	
	2020	2019
Projected Benefit Obligation on Current Assumptions	1,320.35	983.18
Delta Effect of +1% change in Rate of Discounting	(128.12)	(91.39)
Delta Effect of -1% change in Rate of Discounting	151.57	107.81
Delta Effect of +1% change in Rate of Salary Increase	147.56	105.87
Delta Effect of -1% change in Rate of Salary Increase	(127.38)	(91.53)
Delta Effect of +1% change in Rate of Employee Turnover	(21.91)	(9.68)
Delta Effect of -1% change in Rate of Employee Turnover	24.64	10.69

The sensitivity analysis presented above may not be representative of actual change in defined benefit obligations as it is unlikely that the change in assumption would occur in isolation of one another as some of assumptions may be correlated.

Furthermore, in presenting above sensitivity analysis, the present value of defined benefit obligations has been calculated using the projected unit credit method at end of reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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





**Intas Pharmaceuticals Limited**

**Notes to the Consolidated Financial Statements as at March 31, 2020**

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

**37 DETAILS OF EMPLOYEE BENEFITS**

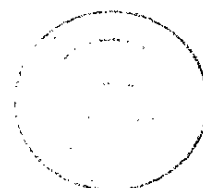
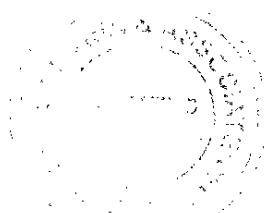
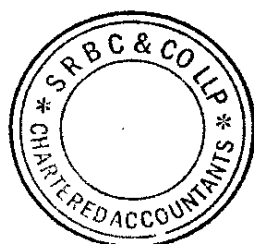
**(c) Defined benefit pension scheme**

One of the subsidiary Accord-UK Limited operates a defined benefit pension scheme. The Actavis Defined Benefit Pension Plan (formerly the Alpharma Limited Retirement Benefit Scheme), providing benefits based on final pensionable pay. This is an approved funded pension scheme. The assets of the Scheme are held separately from the assets of the Company.

The scheme was closed to new entrants on 30 August 2006 and was closed to future accrual on 31 December 2010 at which time existing members of the pension scheme transferred to the company's defined contribution scheme. In November 2017, the trustees of the Scheme entered into a 'buy-in' contract to secure annuity policies covering all pensions currently in payment (together with attaching dependants' pensions) and the liability for the future benefits for the remaining active and deferred pensioner members.

The Scheme provides benefits on a defined benefit basis and the following disclosures relate to the defined benefit scheme alone.

	<b>Pension</b>	
	<b>2020</b>	<b>2019</b>
Present value of funded defined benefit obligations	<b>(6,848.83)</b>	(7,567.73)
Fair value of plan assets	<b>6,932.68</b>	7,662.38
Asset ceiling	-	-
Surplus/ (Deficit)	<b>83.85</b>	94.65
<b>Movements in present value of defined benefit obligation</b>		
At 1 April	<b>(7,567.73)</b>	(7,662.66)
Change in foreign currency translation reserve	<b>(216.17)</b>	150.21
Past service cost	-	262.83
Interest cost	<b>(189.84)</b>	(200.77)
Actuarial gain/(loss) arising from:		
- Changes in financial assumptions	<b>742.43</b>	(272.87)
- Changes in demographic assumption	-	-
- Experience gains/losses	-	-
Benefits paid	<b>382.48</b>	155.53
At 31 March	<b>(6,848.83)</b>	(7,567.73)
<b>Movements in fair value of plan assets</b>		
At 1 April	<b>7,662.38</b>	7,485.02
Change in foreign currency translation reserve	<b>218.87</b>	(146.72)
Interest income on plan assets	<b>192.26</b>	196.06
Return/loss on plan assets in excess of interest income	<b>(758.35)</b>	283.55
Benefits paid	<b>(382.48)</b>	(155.53)
At 31 March	<b>6,932.68</b>	7,662.38
<b>(Expense) / income recognised in Consolidated statement of profit and loss</b>		
Past service cost	-	265.74
Interest cost on defined pension plan obligation	<b>(183.34)</b>	(202.99)
Interest on effect of asset ceiling	-	-
Interest income on defined benefit pension plan assets	<b>185.68</b>	198.23
Total	<b>2.34</b>	260.98



Principal actuarial assumption at the year end were as follow:

As at March 31	
2020	2019
2.3% pa	2.5% pa
2.6% pa	3.4% pa
N/A	N/A
2.6% pa	3.4% pa
2.1% pa	2.5% pa
3.0% pa	3.0% pa
2.6% pa	3.3% pa
2.2% pa	2.4% pa
S2PMA/S2PFA	S2PMA/S2PFA
-	-
41.97	42.98
6,890.91	7,620.67
6,932.88	7,663.65

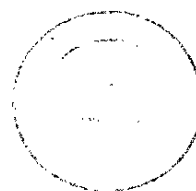
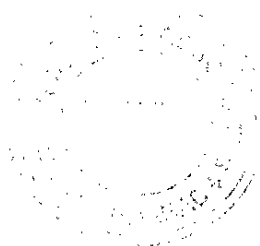
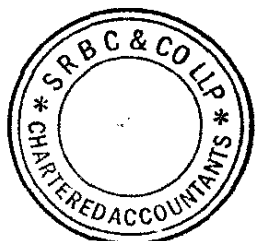
### Insurance policies

As at March 31	
2020	2019
+3% / -3%	+3% / -3%

Change in the other assumptions will have broadly the same effect on both the liabilities and assets, the resulting shortfall/surplus is therefore relatively insensitive to changes in the assumptions.

The group also contributed to a defined contribution pension scheme for the financial year as detailed below.

As at March 31	
2020	2019
189.36	121.75
46.25	38.25



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## 38. FINANCIAL INSTRUMENTS

### (i) Category wise classification of Financial assets and liabilities

Particulars "	As at March 31 2020		As at March 31 2019 <sup>1</sup>	
	Fair Value	Carrying Value	Fair Value	Carrying Value
<b>Financial Assets:</b>				
(a) Amortised cost:				
Cash & Cash Equivalents	6,375.58	6,375.58	1,981.96	1,981.96
Other Bank Balances	112.20	112.20	46.26	46.26
Trade Receivables	33,815.72	33,815.72	27,645.75	27,645.75
Loans	16.06	16.06	18.30	18.30
Other financial assets *	2,753.31	2,753.31	2,774.75	2,774.75
<b>Total</b>	<b>43,072.87</b>	<b>43,072.87</b>	<b>32,467.02</b>	<b>32,467.02</b>
<b>Financial Liabilities:</b>				
(a) Amortised Cost:				
Borrowings	55,650.15	55,650.15	52,859.18	52,859.18
Trade Payables	21,224.41	21,224.41	21,833.59	21,833.59
Lease liabilities	980.37	980.37	-	-
Other financial liabilities	14,275.73	14,275.73	11,692.68	11,692.68
(b) Fair value through OCI:				
Derivative instruments	17.76	17.76	-	-
<b>Total</b>	<b>92,148.42</b>	<b>92,148.42</b>	<b>86,385.45</b>	<b>86,385.45</b>

\* Other than investments in subsidiaries and jointly controlled entity.

<sup>1</sup> Figures are restated as per note 48

### (ii) Fair value measurements:

The derivative instruments measured through fair value through profit and loss is measured using significant observable inputs being covered in level 2 hierarchy.

The investments measured through fair value through other comprehensive income is measured using significant observable inputs being covered in level 2 hierarchy.

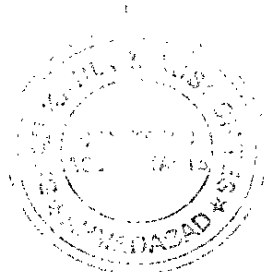
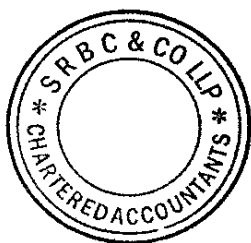
There have been no transferred between level 1 and level 2 during the period. There are no instruments covered under level 3.

### (iii) Derivative financial instruments

The category wise outstanding positions of derivative instruments is as under:

Nature of Derivative Contracts	Currency	Buy / Sell	As at March 31, 2020		As at March 31, 2019	
			Amount (Rs.in million)	Foreign Currency (in million)	Amount (Rs.in million)	Foreign Currency (in million)
Options range forwards	USD	Sell	1,810.32	24.00	-	-
Options range forwards	EUR	Sell	249.42	3.00	-	-

The above derivatives are taken to cover foreign exchange risk of highly probable forecasted sales transactions occurring in foreign currencies and foreign currency receivables.



The Company is holding the following foreign exchange Contracts designated as cash flow hedges:

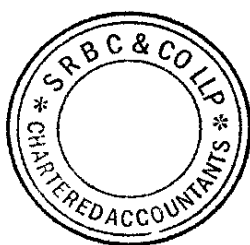
Particulars	Maturity Notional Amount (in Mns)	
	2020-21	2021-22
Option Range Forwards	USD 24.00	-
Option Range Forwards	EUR 3.00	-

The impact of the hedging instruments on the balance sheet (recognised in other financial liabilities) is as follows:

Particulars	31-03-2020 Notional Amount (in Mns)	31-03-2020 Carrying Amount (in Mns)	31-03-2019 Notional Amount (in Mns)	31-03-2019 Carrying Amount (in Mns)
Option Range Forwards	USD 24.00			
Option Range Forwards	EUR 3.00	(17.76)	-	-

The impact of the hedging instruments on the statement of profit and loss for the Year Ended 31st March, 2020 is as follows:

Particulars	Total hedging gain/(loss) recognised in OCI (in Mns)	Ineffectiveness recognised in profit or loss	Cost of hedging recognise in OCI	Amount reclassified from OCI to profit or loss
Option Range Forwards	(17.76)	-	-	-



## Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

### (iv) Financial risk management

The Company's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

#### (a) Market risk :

Market risk refers to the possibility that changes in the market rates may have impact on the Company's profits or the value of its holding of financial instruments. The Company is exposed to market risks on account of foreign exchange rates and interest rates.

#### (a) (i) Foreign currency exchange rate risk :

The Company's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions and foreign currency borrowings. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

The major foreign currency exposures for the Group are denominated in USD, EURO and GBP. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The Company hedges on future cash flows upto a maximum of 12 months forward / option based on historical trends, budgets and monthly sales estimates. Hedge effectiveness is assessed on a regular basis.

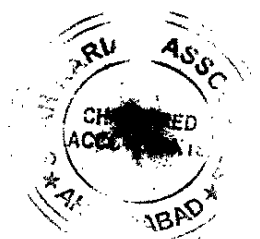
The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

(Rs Millions)

As at March 31 2020	USD	EUR	GBP	Others	Total
<b>Assets :</b>					
Cash & Cash Equivalents	1,734.77	1,529.47	616.76	916.71	4,797.71
Other Bank Balances	-	5.33	0.06	36.64	42.03
Trade Receivables	6,490.47	14,114.63	3,963.06	6,982.06	31,550.22
Other Financial Assets	2.33	-	2.90	38.41	43.64
<b>Total</b>	<b>8,227.57</b>	<b>15,649.43</b>	<b>4,582.78</b>	<b>7,973.82</b>	<b>36,433.60</b>
<b>Liabilities</b>					
Borrowings	6,118.75	28,093.81	20,281.90	157.50	54,651.96
Trade Payables	2,504.03	3,183.55	2,286.09	1,133.30	9,106.97
Other financial liabilities	26.65	18.98	13,047.89	442.28	13,535.80
Lease liabilities	592.91	-	328.80	-	921.71
<b>Total</b>	<b>9,242.34</b>	<b>31,296.34</b>	<b>35,944.68</b>	<b>1,733.08</b>	<b>78,216.44</b>

(Rs Millions)

As at March 31 2019 I	USD	EUR	GBP	Others	Total
<b>Assets :</b>					
Cash & Cash Equivalents	254.11	689.37	233.83	532.59	1,709.90
Other Bank Balances	-	5.14	0.09	24.59	29.82
Trade Receivables	11,030.45	6,623.76	1,993.68	6,719.43	26,367.32
Other Financial Assets	2.14	-	22.53	31.99	56.66
<b>Total</b>	<b>11,286.70</b>	<b>7,318.27</b>	<b>2,250.13</b>	<b>7,308.60</b>	<b>28,163.70</b>
<b>Liabilities</b>					
Borrowings	3,661.23	21,703.02	26,454.03	171.63	51,989.91
Trade Payables	2,501.66	57,265.01	3,909.39	996.21	64,672.27
Other financial liabilities	16.58	9.03	10,488.27	207.08	10,720.96
<b>Total</b>	<b>6,179.47</b>	<b>78,977.06</b>	<b>40,851.69</b>	<b>1,374.92</b>	<b>127,383.14</b>



For the years ended March 31, 2020 and March 31, 2019, every 1% depreciation/appreciation in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would affect the Company's net profit by approximately Rs.(417.83) million and Rs. (435.34) million respectively.

**(a) (ii) Interest rate risk :**

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company is exposed to fluctuations in interest rates in respect of foreign currency loans and rupee loans carrying a floating rate of interest. In respect of foreign currency loans, the Company has outstanding borrowing of USD 62.99 million, GBP 16.95 million and Euro 277.25 million.

For the years ended March 31, 2020 and March 31, 2019, a reasonable possible change of 50 basis points in interest rates at the reporting dates would have increased/(decreased) profit or loss by approximately Rs.242.21 million and Rs. 235.04 million respectively.

**(b) Credit risk :**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consists of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company does not have significant concentration of credit risk related to trade receivables. No single third party customer contributes to more than 10% of outstanding accounts receivable (excluding outstanding from subsidiaries) as of March 31, 2019 and March 31, 2018.

With respect to investments, the Company limits its exposure to credit risk by investing in liquid securities with counterparties depending on their Composite Performance Rankings (CPR) published by CRISIL. The Company's investment policy lays down guidelines with respect to exposure per counterparty, rating, processes in terms of control and continuous monitoring. The Company therefore considers credit risks on such investments to be negligible.

**(c) Liquidity risk :**

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity. The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2019 and As at March 31, 2018

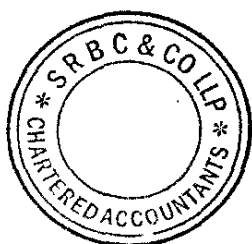
(Rs Millions)					
As at March 31 2020	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Due after Year 5	Total
Trade payables	21,224.41	-	-	-	21,224.41
Borrowings	29,797.12	13,681.26	12,171.77	-	55,650.15
Derivative instruments	17.76	-	-	-	17.76
Other financial liabilities	14,301.37	-	-	954.73	15,256.10
Lease Liabilities	280.47	-	641.77	7.85	930.09
<b>Total</b>	<b>65,621.13</b>	<b>13,681.26</b>	<b>12,813.54</b>	<b>962.58</b>	<b>93,078.51</b>

As at March 31 2019 1	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Due after Year 5	Total
Trade payables	21,833.59	-	-	-	21,833.59
Borrowings	17,492.53	14,247.63	21,119.04	-	52,859.19
Other financial liabilities	11,440.37	-	-	252.31	11,692.68
<b>Total</b>	<b>50,766.49</b>	<b>14,247.63</b>	<b>21,119.04</b>	<b>252.31</b>	<b>86,385.46</b>

**(v) Capital management**

The capital structure of the Company consists of equity, debt, cash and cash equivalents. The Company's objective for capital management is to maintain the capital structure which will support the Company's strategy to maximize shareholder's value, safeguarding the business continuity and help in supporting the growth of the Company.



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## 39 SEGMENT INFORMATION

### A. Basis for Segments:

The operations of the Group are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker [CODM] to ensure the internal management reports prepared based on an aggregation of financial information for all entities in the Group (adjusted for intercompany eliminations, adjustments etc.) on a periodic basis.

### B. Geographic information

The geographic information analyses the Group's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

### Entity - wide disclosures :

#### (i) Revenues from external customers :

	Year ended March 31	
	2020	2019 <sup>1</sup>
India	47,902.46	41,999.80
Outside India		
USA	25,369.83	22,932.16
Europe	59,543.90	49,662.26
Others	15,728.52	14,778.44
	<b>148,544.71</b>	<b>129,372.66</b>

#### (ii) Non-current assets (\*):

	Year ended March 31	
	2020	2019 <sup>1</sup>
India	39,034.60	32,630.93
Europe	56,621.18	54,175.38
USA	1,885.49	1,978.54
Outside India	841.45	755.67
	<b>98,382.72</b>	<b>89,540.52</b>

(\*) Non-current assets for this purpose consist of property, plant and equipment, intangible assets, Loans, Other financial assets and Other non-current assets.

#### (iii) Major customers :

The Group has no external customer which accounts for more than 10% of the Group's total revenue for the year ended March 31, 2020 and March 31, 2019.

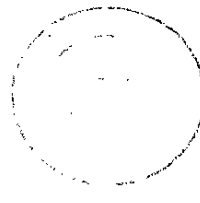
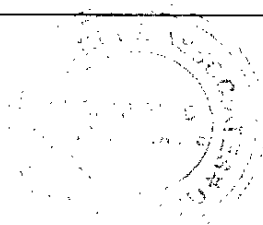
<sup>1</sup> Figures are restated as per note 48

## 40 BUSINESS COMBINATIONS AND ACQUISITIONS

### Acquisition of S M Herbal Private Limited:

During the year, the Group has acquired 100% equity stake of M/S S M Herbal Private Limited, which is engaged in business of manufacturing and marketing of active pharmaceutical ingredients., pursuant to a Share Purchase agreement signed on October 31, 2019 at a consideration of Rs. 576.51 million. The fair value of the identifiable assets and liabilities of S M Herbal Private Limited as at the date of acquisition were as follows:

Particulars	Amount (Rs. in MN)
Property, plant and equipment	145.22
Investment	0.18
Other financial assets	2.21
Other current assets	3.50
Cash and cash equivalents	9.31
Bank balances other than cash and cash equivalents	0.04
Inventories	161.89
Trade receivables	8.85
<b>Total Assets</b>	<b>331.20</b>
Liabilities	
Trade Payables	(21.31)
Provisions	(2.92)
Tax Liability, net	(0.46)
Other current liabilities	(37.91)
<b>Total Liabilities</b>	<b>(62.60)</b>
Deferred tax liabilities, net	(26.30)
<b>Total identifiable Assets at fair value</b>	<b>242.29</b>
Goodwill arising on Acquisition	334.22
<b>Purchase Consideration Transferred</b>	<b>576.51</b>



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

From the date of acquisition, S M Herbal Private Limited has contributed Rs.180.86 million and Rs. 30.21 million to the revenue and profit before tax of the Group. If the business combination had taken place at the beginning of the year, revenue would have been Rs.294.57 million and the profit before tax for the group would have been Rs.41.15 million.

## 41 Exceptional Items

Exceptional items during the year ended March 31, 2019 include legal settlements payable for the year related to Patent infringement and other items as details below:

Product infringement payable / (receivable)  
Integration expense

Year ended March 31	
2020	2019
-	(509.85)
-	53.88
-	(455.97)

## 42 CSR EXPENDITURE

The aggregate amount of cash expenditure incurred during the year on Corporate Social Responsibility (CSR) is Rs.67.11 million (previous year Rs.67.06 million shown in the respective heads of account) including Rs.0.28 million spent towards construction of building (previous Year Rs.10.30 million) and is shown separately based on guidance note on accounting for expenditure on CSR activities issued by the ICAI.

The amount required to be spent by the Company during the year is Rs.300.10 million (Previous Year Rs.287.99 million)

## 43 SHARE-BASED PAYMENT TRANSACTIONS

The Company has introduced Employee Stock Option Scheme, 2016 ("ESOS / Options") and Employee Stock Appreciation Rights, 2017 ("ESAR / Rights") scheme during earlier year. Share Options and Rights of the Company have been granted to eligible employees of the Company and its subsidiaries. The exercise price of Options is Rs.10 for employees of the Company and Rs.1,560, Rs.2,214 and Rs.2,215 for employees of its subsidiary entities while exercise price of Rights is Rs.10. Options and Rights granted would vest not earlier than one year and not more than four years commencing from the date of Grant of such Options and Rights. Options and Rights will vest in the proportion of 30%, 30%, 40% or 60%, 40% each year from the date of the grant. The Committee shall decide the Vesting schedule to any Employee or category of Employees as the case may be.

The fair value of Options and Rights are estimated at the grant date using a Black Scholes option pricing model, taking into account the terms and conditions upon which the Options and Rights were granted.

There are no cash settlement alternatives for employees.

The expense recognised for employee services received during the year is Rs. 188.20 million (Previous year Rs.417.74 million).

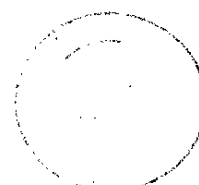
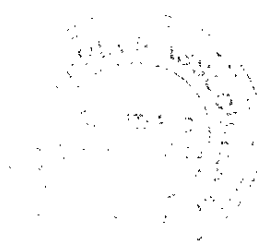
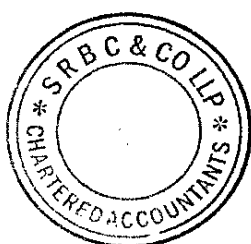
### Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, Options and Rights during the year:

Particulars	ESOS		ESAR	
	March 31, 2020	WAEP	March 31, 2020	WAEP
Outstanding as at April 01, 2018	422,620	1,325	72,021	10
Granted during the year	6,815	1,325	-	-
Lapsed/forfeited during the year	(6,032)	1,325	(5,320)	10
Options exercised during the year	-	-	-	-
Outstanding as at April 01, 2019	423,403	1,325	66,701	10
Granted during the year	25,936	2,215	29,209	10
Cancelled/forfeited during the year	(32,898)	1,560	-	-
Options exercised during the year	-	-	-	-
Outstanding as at March 31, 2020	416,441	1,362	95,910	10
Exercisable at March 31	234,724	-	40,021	-

The following tables list the inputs to the models used for the two plans for the year ended March 31, 2020:

Particulars	Year ended on March 31, 2020		Year ended on March 31, 2019	
	ESOS	ESAR	ESOS	ESAR
Dividend yield (%)	0.16	0.16	0.19	0.19
Expected volatility (%)	27.40	27.40	30.22	30.22
Risk-free interest rate (%)	7.80	7.80	7.32	7.32
Expected life of share options/ ESAR	2.55	2.55	3.55	3.55
Grant date share price (INR)	2,822.54	2,822.54	2,564.25	2,564.25
Model used	Black Scholes Option Pricing		Black Scholes Option Pricing	





# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

The expected life of the share options and ESARs is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

## 44 LEASING

The Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified Ind AS 116 Leases ('Ind AS 116') which replaces the existing lease standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

Effective 1st April, 2019, the Group has adopted Ind AS 116 - 'Leases' and applied the standard to all lease contracts existing on 1st April, 2019 using the modified retrospective method. The Group has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application and right of use asset at an amount equal to the lease liability adjusted for any prepayments/accruals recognised in the balance sheet as on 31st March, 2019. There is no impact on retained earnings as on 1st April, 2019.

The Group has elected below practical expedients on transition to Ind AS 116:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Excluded the initial direct costs from the measurement of right of use asset at the date of initial application.
- The Group has adopted Ind AS 116, effective annual reporting period beginning 1st April, 2019 and applied the standards to its leases, prospectively, applying the standards on initial application without making any adjustment to opening balance of retained earnings.
- The Group has elected not to apply the requirements of Ind AS 116 to short term leases of all the assets that have a lease term of twelve months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.
- The borrowing rate applied to lease liabilities as at 1st April, 2019 is 4% to 8.46% (i.e. incremental borrowing rate of the respective entities).

(A) The carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

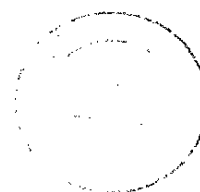
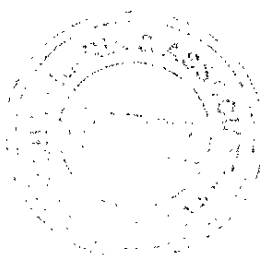
Particulars	Year ended March 31 2020
Addition on 1st April, 2019 (on adoption of Ind AS 116 - Leases)	1,195.20
Additions during the year 2019-20	61.51
Finance costs incurred during the year	30.56
Payments of Lease Liabilities	(340.17)
Foreign currency translation reserve	19.21
Balance as at 31st March, 2020	966.31

(B) Amounts recognised in profit or loss

Particulars	Year ended March 31 2020
Depreciation and amortisation	325.12
Other expenses	85.54
Finance cost	30.56
	441.22

(C) Amounts recognised in statement of cash flows

Particulars	Year ended March 31 2020
Total Cash outflow for Leases (financing activities)	340.17
	340.17



## Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

(D) Maturity analysis of lease liabilities

Maturity Analysis of contractual undiscounted cash flows

Particulars	Year ended March 31 2020
Less than one year	305.71
One to five years	682.17
More than five years	7.85
<b>Total undiscounted Lease Liability</b>	<b>995.73</b>
<b>Balances of Lease Liabilities</b>	
Non Current Lease Liability	680.70
Current Lease Liability	299.67
<b>Total Lease Liability</b>	<b>980.37</b>

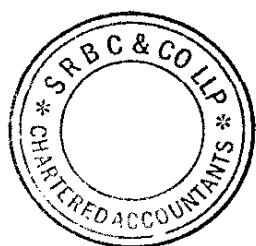
### 45 SCHEME OF ARRANGEMENT

The Hon'ble National Company Law Tribunal, Ahmedabad Bench vide its order dated 18th January, 2019 approved the Composite Scheme of Arrangement ("Scheme") in the nature of demerger of undertakings of Equatorial Private Limited ("EPL") and Intas Enterprise Private Limited ("IEPL") and transfer of the same to Accord Healthcare Limited, India and merger of Cytas Research Limited ("CRL") and remaining undertaking of EPL and IEPL with the Company.

During the previous year ended March 31, 2019, in terms of clause 17 of the sanctioned Scheme and upon the Scheme being effective the equity shares aggregating to 53,047,798 held by EPL, IEPL and CRL ("Transferor Companies") in the Company stood cancelled and the Company, issued and allotted 53,047,798 equity shares of Rs. 10/- each of the Company were issued to the respective equity shareholders of Transferor Companies in the ratio mentioned in the Scheme in lieu of their holdings in those Companies.

Details of assets, liabilities and reserves taken over and resultant adjustment to capital reserve is as under:

(Rs. million)				
Particulars	EPL	IEPL	CRL	Total
Cash and cash equivalents	-	-	0.01	0.01
Balance in Retained earnings	(254.71)	(106.80)	8.89	(352.62)
Balance in Securities Premium	(19.80)	(5.40)		(25.20)
Total assets, Liabilities and reserves acquired	(274.51)	(112.20)	8.90	(377.81)
Transfer to Capital Reserve	274.51	112.20	(8.90)	377.81



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## 46 INCOME TAX EXPENSE

A The major components of income tax expense are:

Particulars	Year ended March 31	
	2020	2019 <sup>1</sup>
<b>Current income tax:</b>		
Current income tax charge	4,886.95	5,244.04
Short / (Excess) provision for current tax of earlier years	-	68.82
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	1,707.92	(1,156.45)
<b>Tax expense reported in the statement of profit and loss</b>	<b>6,594.87</b>	<b>4,156.41</b>
<b>OCI Section:</b>		
Tax effect on net movement on cash flow hedges	(3.10)	-
Tax effect on net gain/(loss) on hedge of net investment	206.62	(137.99)
Tax effect on net loss / (gain) on remeasurements of defined benefit plans	(29.62)	(30.93)
<b>Tax expense/ (benefit) reported in the statement of OCI</b>	<b>173.90</b>	<b>(168.92)</b>

B Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:

Particulars	As at March 31	
	2020	2019 <sup>1</sup>
Profit before Tax	23,000.53	16,818.47
Enacted tax rate in India	34.94%	34.94%
Expected income tax expense	8,037.31	5,877.05
Adjustments to reconcile expected Income tax expense to reported income tax expense:		
Effect of Weighted deduction allowed in India on research & development expenses	(742.35)	(708.90)
Effects of Different enacted tax rates for foreign entities	(1,829.81)	(538.55)
Effect of incomes exempt from income tax in India	(3,077.54)	(2,528.97)
MAT Credit not recognised	697.12	1,072.23
Reversal of MAT credit entitlement	1,409.51	-
Effects of expenses not deductible in determining taxable profit	753.12	514.69
Prior year tax adjustments in subsidiaries	929.94	101.42
Short/(excess) provision of current tax of earlier year	-	68.82
Others	417.57	298.63
<b>Aggregate Tax Adjustments</b>	<b>(1,442.44)</b>	<b>(1,720.63)</b>
<b>Effective tax</b>	<b>6,594.87</b>	<b>4,156.41</b>
<b>Effective tax rate</b>	<b>28.67%</b>	<b>24.71%</b>

### Components of Deferred Tax Assets and Liabilities

Particulars	As at March 31	
	2020	2019 <sup>1</sup>
<b>Deferred tax relates to :</b>		
<b>Deferred tax liabilities:</b>		
Depreciation and amortisation	2,364.43	713.73
	2,364.43	713.73
<b>Deferred tax Assets:</b>		
MAT Credit entitlement	-	1,409.47
Reserves and provisions	1,250.75	628.47
Unrealised profit on inventories	927.40	698.74
Provision for employee benefits	657.30	621.08
Provision for doubtful debts	23.92	25.07
Others	521.97	151.73
	3,381.34	3,534.56
<b>Deferred Tax Assets (Net)</b>	<b>1,016.91</b>	<b>2,820.83</b>

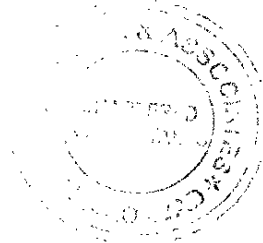
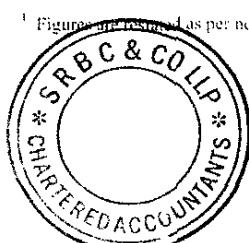
During the year ended 31 March 2020 and 31 March 2019, the Company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

Till the year ended 31 March 2020, the Company did not recognise deferred tax assets of Rs 6,025 million primarily on MAT credit entitlement, as the Company believes that availability of taxable profit is not probable. The above MAT credit expire during various years ranging from 2027 through 2035.

### Movement of Deferred Tax Assets (Net)

Particulars	As at March 31	
	2020	2019 <sup>1</sup>
Opening deferred tax assets (net)	2,820.83	1,842.14
Credit / (charge) to profit and loss	(1,707.92)	1,156.45
Foreign currency translation reserve	(96.00)	(177.76)
<b>Closing deferred tax assets (net)</b>	<b>1,016.91</b>	<b>2,820.83</b>

<sup>1</sup> Figures are restated as per note 48



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

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

## 47. Additional Information, As Required Under Schedule III To The Companies Act, 2013, Of Enterprises Consolidated As Subsidiary / Jointly Controlled Entities

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	Rs. million	As % of consolidated profit and loss	Rs. million	As % of consolidated other comprehensive income	Rs. million	As % of total comprehensive income	Rs. million
<b>Parent</b>								
Intas Pharmaceuticals Limited	93.83%	90,433.35	81.34%	13,345.15	95.00%	740.42	81.96%	14,085.57
<b>India</b>								
S.M. Herbal Pvt Ltd.	0.18%	176.65	0.14%	22.66	-0.04%	(0.34)	0.13%	22.33
<b>Foreign</b>								
Accord Healthcare Limited, UK	-12.01%	(11,572.63)	-17.67%	(2,898.38)	19.82%	154.52	-15.97%	(2,743.86)
Astron Research Limited, UK	0.14%	139.46	0.02%	3.38	0.49%	3.78	0.04%	7.16
Accord Healthcare Inc., North Carolina, USA	1.08%	1,040.89	3.53%	578.70	18.64%	145.25	4.21%	723.95
Accord Healthcare (Pty) Limited, South Africa	-0.01%	(11.87)	-0.14%	(23.42)	0.22%	1.69	-0.13%	(21.73)
Accord Farmaceutica Ltda., Brazil	0.55%	534.58	0.89%	146.79	-14.23%	(110.91)	0.21%	35.88
Accord Healthcare SAC, Peru	-0.17%	(167.18)	-0.36%	(59.54)	-0.99%	(7.71)	-0.39%	(67.25)
Accord Farma S.A. De C.V., Mexico	0.34%	328.38	0.42%	69.46	-5.59%	(43.55)	0.15%	25.92
Accord Healthcare Inc., Canada	0.05%	46.78	0.13%	20.92	-2.62%	(20.44)	0.00%	0.48
Accord Healthcare Pty, Ltd, Australia	0.06%	56.58	0.16%	25.53	-0.32%	(2.46)	0.13%	23.07
Intas Third Party Sales 2003 S.L.	-0.08%	(80.03)	-0.31%	(50.74)	-0.53%	(4.16)	-0.32%	(54.90)
Accord Healthcare (Kenya) Limited	0.05%	46.55	0.04%	6.09	0.13%	0.98	0.04%	7.06
Farmabiot S.A. DE CV, Mexico	0.06%	60.26	-0.20%	(33.10)	2.81%	21.90	-0.07%	(11.20)
Essential Pharmaceuticals LLC	1.17%	1,125.72	1.94%	318.16	0.00%	-	1.85%	318.16
Accord Biopharma Inc. USA	-0.23%	(225.55)	-0.74%	(121.93)	0.00%	-	-0.71%	(121.93)
Accord Healthcare SAS, France	0.22%	216.57	0.81%	132.19	-2.31%	(18.00)	0.66%	114.19
Accord Healthcare BV, Netherlands	0.23%	217.39	0.73%	120.34	-5.83%	(45.42)	0.44%	74.93
Accord Healthcare Sociedad Limitada, Spain	1.69%	1,630.57	5.27%	864.80	-3.79%	(29.54)	4.86%	835.25
Accord Healthcare Italia SRL, Italy	0.20%	193.23	0.83%	135.36	-3.76%	(29.30)	0.62%	106.06
Accord Healthcare Polska Spolka Z Organizacja Odpowiedzialnoscia, Poland	-0.07%	(68.03)	-1.30%	(212.48)	7.56%	58.93	-0.89%	(153.56)
Accord Healthcare AB, Sweden	0.16%	150.47	0.46%	75.86	1.24%	9.69	0.50%	85.55
Accord Healthcare GmbH, Austria	0.08%	77.73	0.19%	30.57	-0.61%	(4.74)	0.15%	25.83
Accord Healthcare OY, Finland	-0.02%	(24.06)	0.18%	29.87	-0.39%	(3.06)	0.16%	26.81
Accord Healthcare Ireland Limited, Ireland	0.78%	748.58	1.09%	178.84	-1.80%	(14.06)	0.96%	164.78
Accord Healthcare BVPA, Belgium	-0.08%	(80.62)	0.04%	6.33	-0.16%	(1.24)	0.03%	5.09
Accord Healthcare Limited, Malta	0.00%	(3.88)	0.00%	(0.13)	0.00%	-	0.00%	(0.13)
Accord Healthcare OU, Estonia	0.08%	72.84	0.03%	4.22	0.00%	-	0.02%	4.22
Accord Healthcare GmbH, Germany	0.33%	316.48	0.89%	146.16	-1.81%	(14.13)	0.77%	132.03
Accord Healthcare SDN BHD, Malaysia	-0.04%	(34.69)	-0.04%	(6.52)	0.02%	0.15	-0.04%	(6.37)
Accord Healthcare MENA JLT, UAE	0.07%	67.62	0.43%	71.01	0.00%	-	0.41%	71.01
Accord Healthcare S.R.O., Czech Republic	0.01%	10.92	0.01%	1.48	0.00%	-	0.01%	1.48
Accord Healthcare Private limited, Singapore	-0.27%	(256.52)	-0.15%	(24.69)	0.02%	0.16	-0.14%	(24.53)
Accord Healthcare, Unipessoal, Lda	0.14%	130.15	0.37%	60.50	-0.56%	(4.39)	0.33%	56.11
Accord Healthcare HK Limited, Hongkong	-0.03%	(32.78)	-0.05%	(8.10)	0.00%	-	-0.05%	(8.10)
Accord Healthcare SRL, Romania	0.00%	1.67	-0.03%	(5.59)	0.00%	-	-0.03%	(5.59)
Accord Healthcare AG, Switzerland	-0.14%	(134.70)	0.04%	7.28	-0.29%	(2.25)	0.03%	5.03
Accord UK Limited	11.69%	11,267.65	21.17%	3,472.73	-0.30%	(2.34)	20.19%	3,470.39
Accord Healthcare Thailand Limited (Thailand)	0.00%	(0.99)	-0.09%	(14.18)	0.00%	-	-0.08%	(14.18)
Accord Healthcare Korea Limited	-0.02%	(15.69)	-0.06%	(9.93)	0.00%	-	-0.06%	(9.93)
<b>Jointly Controlled Entity</b>								
Alvi-Intas Medical Devices Private Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>TOTAL</b>	<b>100.00%</b>	<b>96,381.86</b>	<b>100.00%</b>	<b>16,405.66</b>	<b>100.00%</b>	<b>779.42</b>	<b>100.00%</b>	<b>17,185.08</b>

<sup>(1)</sup> Wholly-owned subsidiary of Accord Healthcare Limited, UK

<sup>(2)</sup> Wholly-owned subsidiary of Accord Healthcare Limited, USA

<sup>(3)</sup> Wholly-owned subsidiary of Accord Farma S.A. De C.V., Mexico



# Intas Pharmaceuticals Limited

Notes to the Consolidated Financial Statements as at March 31, 2020

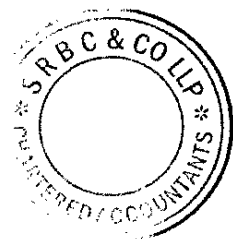
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

## 48. PRIOR PERIOD ADJUSTMENT

Subsequent to adoption of Consolidated financial statements for the year ended March 31, 2019, the management has noted that revenue for one of the subsidiary company has been overstated with corresponding costs related to marketing and distribution expenses. The same tantamount to prior period error in terms of IND AS 8 and accordingly has been restated as below:

### Statement of Profit and loss :

Particulars	Year ended March 31, 2019		
	Audited	Restatement	Restated
<b>INCOME:</b>			
Revenue from operations	131,100.22	(1,727.56)	129,372.66
Other income	219.56	-	219.56
<b>Total income</b>	<b>131,319.78</b>	<b>(1,727.56)</b>	<b>129,592.22</b>
<b>EXPENSES:</b>			
Cost of materials consumed	29,009.62	8,096.43	37,106.04
Purchases of stock-in-trade	20,657.29	(8,396.32)	12,260.97
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,854.26)	515.85	(3,338.41)
Employee benefits expenses	20,900.38	-	20,900.38
Finance costs	1,033.54	(7.17)	1,026.37
Depreciation and amortisation expense	5,092.47	-	5,092.47
Other expenses	40,056.89	125.01	40,181.90
<b>Total expenses</b>	<b>112,895.93</b>	<b>333.80</b>	<b>113,229.72</b>
<b>Profit before tax and exceptional items</b>	<b>18,423.85</b>	<b>(2,061.36)</b>	<b>16,362.50</b>
Less: Exceptional items	(455.97)	-	(455.97)
<b>Profit before tax</b>	<b>18,879.82</b>	<b>(2,061.36)</b>	<b>16,818.47</b>
<b>Tax expenses:</b>			
Current tax	5,277.12	(33.08)	5,244.04
Deferred tax credit	(658.50)	(497.95)	(1,156.45)
Short / (excess) provision for current tax of earlier years	68.82	-	68.82
<b>Profit for the year</b>	<b>14,192.38</b>	<b>(1,530.33)</b>	<b>12,662.06</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items that will be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations	(30.18)	10.81	(19.37)
	<b>(30.18)</b>	<b>10.81</b>	<b>(19.37)</b>
Net gain/(loss) on hedge of net investment	(640.63)	-	(640.63)
Income tax effect (current)	137.99	-	137.99
Net movement on hedge of net investment	(502.64)	-	(502.64)
<b>Total Items that will be reclassified to profit or loss (B)</b>	<b>(532.82)</b>	<b>10.81</b>	<b>(522.01)</b>
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of defined benefit plans	(153.32)	-	(153.32)
Income tax effect	30.93	-	30.93
<b>Net re-measurement of defined benefit plans</b>	<b>(122.39)</b>	<b>-</b>	<b>(122.39)</b>
<b>Total Items that will not be reclassified to profit or loss (C)</b>	<b>(122.39)</b>	<b>-</b>	<b>(122.39)</b>
<b>Other comprehensive income/(loss), net of taxes (D) = [B+C]</b>	<b>(655.21)</b>	<b>10.81</b>	<b>(644.40)</b>
<b>Total other comprehensive income for the year (A) + (D)</b>	<b>13,537.17</b>	<b>(1,519.52)</b>	<b>12,017.66</b>



# Intas Pharmaceuticals Limited

Consolidated Balance Sheet as at March 31, 2020

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

Balance sheet :

Particulars	As at March 31		
	Audited	Restatement	Reststed
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	24,633.63	-	24,633.63
Capital work-in-progress	9,821.12	-	9,821.12
Goodwill	46,709.71	-	46,709.71
Other intangible assets	7,870.52	-	7,870.52
Intangible assets under development	90.60	-	90.60
<b>Financial assets</b>			
Investments	34.59	-	34.59
Loans	9.60	-	9.60
Other financial assets	142.10	(0.67)	141.43
Deferred tax assets, net	3,055.35	479.21	3,534.56
Tax assets, net	2,774.62	-	2,774.62
Other non-current assets	228.69	(0.27)	228.42
	<b>95,370.53</b>	<b>478.27</b>	<b>95,848.80</b>
<b>Current assets</b>			
Inventories	37,668.75	(213.61)	37,455.14
<b>Financial assets</b>			
Trade receivables	28,762.85	(1,117.10)	27,645.75
Loans	8.70	-	8.70
Cash and cash equivalents	1,982.16	(0.20)	1,981.96
Bank balances other than cash and cash equivalents	46.26	-	46.26
Other financial assets	2,043.64	589.68	2,633.32
Other current assets	6,907.09	(504.72)	6,402.37
	<b>77,419.45</b>	<b>(1,245.95)</b>	<b>76,173.50</b>
<b>TOTAL ASSETS</b>	<b>172,789.98</b>	<b>(767.68)</b>	<b>172,022.30</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	1,147.44	-	1,147.44
Other equity	80,902.29	(1,519.50)	79,382.79
	<b>82,049.73</b>	<b>(1,519.50)</b>	<b>80,530.23</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	35,366.66	-	35,366.66
Other financial liabilities	252.31	-	252.31
Provisions	1,616.73	-	1,616.73
Government grants	11.79	-	11.79
Deferred tax liabilities, net	713.73	-	713.73
	<b>37,961.22</b>	<b>-</b>	<b>37,961.22</b>
<b>Current Liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	7,150.28	-	7,150.28
Trade payables	21,835.65	(2.06)	21,833.59
Other financial liabilities	20,998.70	783.91	21,782.61
Liabilities for current tax, net	-	541.99	541.99
Other current liabilities	1,192.78	0.08	1,192.86
Provisions	1,598.67	(572.10)	1,026.57
Government grants	2.95	-	2.95
	<b>52,779.03</b>	<b>751.82</b>	<b>53,530.85</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>172,789.98</b>	<b>(767.68)</b>	<b>172,022.30</b>



## Intas Pharmaceuticals Limited

Consolidated Balance Sheet as at March 31, 2020

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

### 49 COVID Disclosure

In March 2020, the World Health Organisation declared COVID 19 to be a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption including remote working, maintaining social distancing, sanitization of workspaces etc. The Group has considered internal and external information while finalizing various estimates in relation to its financial statement upto the date of approval of the financial statements by the Board of Directors and has not identified any material impact on the carrying value of assets, liabilities or provisions.

Considering that the Group deals with pharmaceutical drugs that are classified as essentials, there has been minimal disruption with respect to operations including production and distribution activities. The Group also has not experienced any difficulties with respect to market demand, collections or liquidity.

As the outbreak continues to evolve, the Group will continue to closely monitor any material changes to future economic conditions.

### 50 EVENTS OCCURRED AFTER THE BALANCE SHEET DATE

The Group evaluates events and transactions that occur subsequent to the Balance Sheet date but prior to the approval of the consolidated financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the consolidated financial statements. As of July 08, 2020, there were no subsequent events to be recognized or reported that are not already disclosed elsewhere in these consolidated financial statements.

As per our report of even date

For S R B C & CO LLP  
Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

per Sudhir Soni  
Partner

Membership No.: 4

Place: Mumbai  
Date: July 8, 2020



For Shah Karia and Associates  
Chartered Accountants

ICAI Firm Registration No.: 131546W

Priyank Shah  
Partner

Membership No.: 118627

Place: Ahmedabad  
Date: July 8, 2020



For and on behalf of the  
Board of Directors of  
Intas Pharmaceuticals Limited

Nimish Chudgar

Managing Director and CEO

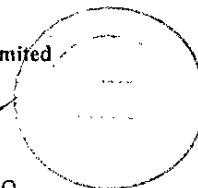
DIN: 00212400

Jayesh Shah  
Executive Director  
DIN: 02681464

Tushar Shroff  
Chief Finance Officer

Manoj Nair  
Company Secretary

Place: Ahmedabad  
Date: July 8, 2020



*[Handwritten signatures of Jayesh Shah, Tushar Shroff, and Manoj Nair]*