EMCURE PHARMACEUTICALS LIMITED
Balance Sheet as at March 31, 2021

Rs. in million

Particulars	Note	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	2A	10,859.95	9,701.54
Capital work-in-progress	2B	1,920.94	3,260.59
Right-of-use assets	4	1,306.56	1,256.44
Intangible assets	3	612.49	702.60
Financial assets			
i) Investments	5	8,637.31	4,077.09
ii) Loans	6	2,780.52	732.51
iii) Other financial assets	7	143.59	253.57
Income tax assets (net)	36	46.34	333.88
Other non-current assets	8	169.67	318.16
Total non- current assets		**26,477.37**	**20,636.38**
Current assets			
Inventories	9	6,217.74	4,436.62
Financial assets			
i) Trade receivables	10	9,994.25	11,382.93
ii) Cash and cash equivalents	11A	2,455.58	296.22
iii) Bank balances other than (ii) above	11B	151.67	95.93
iv) Other financial assets	12	2,080.49	587.94
Other current assets	13	1,127.06	1,276.02
Assets classified as held for sale	19	127.80	-
Total current assets		**22,154.59**	**18,075.66**
Total assets		**48,631.96**	**38,712.04**
Equity and liabilities			
Equity			
Equity share capital	14	1,808.52	1,808.52
Other equity	15	21,209.20	17,336.98
Total equity		**23,017.72**	**19,145.50**
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	16	6,459.74	4,538.73
ii) Lease Liabilities	4	531.14	469.66
iii) Other financial liabilities	17	118.53	135.34
Provisions	18	332.94	303.71
Deferred tax liabilities (net)	35	280.09	321.26
Total non-current liabilities		**7,722.44**	**5,768.70**
Current liabilities			
Financial liabilities			
i) Borrowings	20	6,595.94	5,609.29
ii) Lease Liabilities	4	80.19	56.21
iii) Trade payables	21		
Total outstanding dues of micro and small enterprises		-	0.62
Total outstanding dues to others		5,742.86	4,385.62
iii) Other financial liabilities	22	4,276.80	2,911.15
Provisions	23	439.07	382.55
Income tax liabilities (net)	36	341.58	308.34
Other current liabilities	24	415.36	144.06
Total current liabilities		**17,891.80**	**13,797.84**
Total liabilities		**25,614.24**	**19,566.54**
Total equity and liabilities		**48,631.96**	**38,712.04**

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

As per our report of even date attached.

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

Abhishek
Partner
Membership No. 062343

Place:
Date: May 28, 2021

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

Berjis Desai
Director and Chairman
DIN: 00153675

Satish Mehta
Managing Director
DIN: 00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Tajuddin Shaikh
Chief Financial Officer
PAN: AKQPS1951G

Place: Pune
Date: May 28, 2021

EMCURE PHARMACEUTICALS LIMITED
Statement of Profit and Loss for the year ended March 31, 2021

Rs. in million

Particulars	Note	Year Ended March 31, 2021	Year Ended March 31, 2020
Revenue:			
Revenue from operations	25	31,536.64	23,757.09
Other income	26	1,119.07	1,376.15
Total income		**32,655.71**	**25,133.24**
Expenses:			
Cost of materials consumed	27	10,473.21	5,598.49
Purchases of stock-in-trade		3,070.39	1,916.07
Changes in inventories of finished goods, work-in-progress and stock in trade	28	(1,079.63)	597.03
Employee benefit expenses	29	5,509.60	5,453.50
Depreciation and amortisation expense	31	1,562.35	1,549.74
Finance cost	32	1,233.41	1,372.21
Other expenses	30	6,129.02	5,957.79
Total expenses		**26,898.35**	**22,444.83**
Profit before exceptional items and tax		**5,757.36**	**2,688.41**
Exceptional items	33	182.88	441.59
Profit before tax		**5,574.48**	**2,246.82**
Tax expense	34		
Current tax		1,411.27	728.14
Deferred tax		(41.54)	(233.37)
Total tax expenses		**1,369.73**	**494.77**
Profit for the year		**4,204.75**	**1,752.05**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	44	1.47	(31.27)
Income tax relating to these items	34	(0.37)	10.93
Net other comprehensive income not to be reclassified to profit or loss		**1.10**	**(20.34)**
Other comprehensive income for the year		**1.10**	**(20.34)**
Total comprehensive income for the year		**4,205.85**	**1,731.71**
Earnings per share:			
Basic	42	23.25	9.69
Diluted		23.25	9.69
[Face value per share: Rs.10 (Previous year: Rs.10)]			

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

As per our report of even date attached.

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

Abhishek
Partner
Membership No. 062343

Place:
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Chief Financial Officer
PAN: AKQPS1951G

Place: Pune
Date: May 28, 2021

EMCURE PHARMACEUTICALS LIMITED
Statement of Changes In Equity for the year ended March 31, 2021

Equity share capital	Note	Rs. in million
As at April 1, 2019		**1,808.52**
Changes in equity share capital	14	-
As at March 31, 2020		**1,808.52**
Changes in equity share capital	14	-
As at March 31, 2021		**1,808.52**

Rs. in million

Other equity	Note	Capital reserve	Securities premium	Share options outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation reserve	Total other equity
As at April 1, 2019		**12.92**	**840.37**	**153.02**	**1,395.90**	**13,497.12**	**67.22**	**15,966.55**
Profit for the year		-	-	-	-	1,752.05	-	1,752.05
Items of other comprehensive income recognised directly in retained earnings		-	-	-	-	(20.34)	-	(20.34)
		-	-	-	-	1,731.71	-	1,731.71
Transactions with owners, recorded directly in equity								
Interim dividend paid on equity Shares	15	-	-	-	-	(271.28)	-	(271.28)
Dividend distribution tax on above	15	-	-	-	-	(22.96)	-	(22.96)
Final dividend on equity shares	15	-	-	-	-	(180.85)	-	(180.85)
Dividend distribution tax on above	15	-	-	-	-	(7.65)	-	(7.65)
		-	-	-	-	(482.74)	-	(482.74)
Others								
Employee share based expense	45	-	-	144.18	-	-	-	144.18
Changes in foreign currency monetary item translation reserve	15	-	-	-	-	-	(19.83)	(19.83)
Options forfeited	15	-	-	(28.10)	28.10	-	-	-
Income tax on above	15	-	-	-	(9.82)	-	6.93	(2.89)
		-	-	116.08	18.28	-	(12.90)	121.46
As at March 31, 2020		**12.92**	**840.37**	**269.10**	**1,414.18**	**14,746.09**	**54.32**	**17,336.98**
Profit for the year		-	-	-	-	4,204.75	-	4,204.75
Items of other comprehensive income recognised directly in retained earnings		-	-	-	-	1.10	-	1.10
		-	-	-	-	4,205.85	-	4,205.85
Transactions with owners, recorded directly in equity								
Final dividend on equity shares	15	-	-	-	-	(180.85)	-	(180.85)
		-	-	-	-	(180.85)	-	(180.85)
Others								
Employee share based expense	45	-	-	34.20	-	-	-	34.20
Changes in foreign currency monetary item translation reserve	15	-	-	-	-	-	(33.25)	(33.25)
Options forfeited	15	-	-	(186.06)	32.84	-	-	(153.22)
Income tax on above		-	-	-	(8.88)	-	8.37	(0.51)
	15	-	-	(151.86)	23.96	-	(24.88)	(152.78)
As at March 31, 2021		**12.92**	**840.37**	**117.24**	**1,438.14**	**18,771.09**	**29.44**	**21,209.20**

For description of nature and purpose of reserves refer note 15.

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

As per our report of even date attached.

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

Abhishek
Partner
Membership No. 062343

Place:
Date: May 28, 2021

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

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Director and Chairman
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Managing Director
DIN: 00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Tajuddin Shaikh
Chief Financial Officer
PAN: AKQPS1951G

Place: Pune
Date: May 28, 2021

EMCURE PHARMACEUTICALS LIMITED
Cash Flow Statement for the year ended March 31, 2021

Rs. in million

Particulars	March 31, 2021	March 31, 2020
Cash flows from operating activities:		
Profit before tax	**5,574.48**	**2,246.82**
Adjustment for:		
Depreciation and amortisation	1,562.35	1,549.74
Unrealised exchange loss/(gain)	(30.04)	(11.15)
Finance costs	1,233.41	1,372.21
Change in fair value of investment in preference shares of subsidiary	-	19.03
Employee share-based expense	26.05	27.48
Interest income from banks and others	(53.28)	(8.02)
Interest income from intercorporate loans	(105.41)	(50.64)
Net gain on loans given to subsidiaries measured at amortised cost	-	(19.03)
(Gain)/loss on disposal of property, plant and equipment	(6.15)	41.41
(Gain)/loss on termination of leases	(0.18)	-
Dividend income	(159.60)	(303.24)
	8,041.63	**4,864.61**
Working capital adjustments:		
- (Increase) / decrease in inventories	(1,781.12)	519.90
- (Increase) / decrease in trade receivables	1,388.68	(2,281.81)
- (Increase) / decrease in other financial assets	(600.20)	(275.63)
- (Increase) / decrease in other assets	144.95	154.54
- Increase / (decrease) in trade payables	1,356.62	1,151.00
- Increase / (decrease) in other financial liabilities	(23.64)	(22.34)
- Increase / (decrease) in other liabilities	271.30	(1.41)
- Increase / (decrease) in provisions	87.22	50.74
	843.81	**(705.01)**
Cash generated from operating activities	**8,885.44**	**4,159.60**
Income tax paid (net of refunds)	(1,136.73)	(307.09)
Net cash from operating activities (A)	**7,748.71**	**3,852.51**
Cash flows from investing activities		
Acquisition of property, plant and equipment, intangibles and capital work-in-progress	(1,000.92)	(1,007.48)
Proceeds from sale of property, plant and equipment	23.05	29.06
Purchase of shares of subsidiary	(4,705.28)	(983.59)
Redemption of optionally convertible preference shares	-	100.00
Intercorporate loans given to subsidiaries	(3,130.60)	(83.50)
Repayment of intercorporate loans by subsidiaries	230.65	10.99
Interest received from banks and others	52.30	7.17
Interest received on loans to subsidiaries	119.12	(5.43)
Dividend received	159.60	303.24
Term deposit placed	470.65	-
Term deposit matured	(530.21)	(18.09)
Net cash used in investing activities (B)	**(8,311.64)**	**(1,647.63)**
Cash flows from financing activities		
Repayment of long-term borrowings (refer note 1 below)	(2,479.17)	(2,308.74)
Proceeds from long-term borrowings	5,748.07	1,887.22
Proceeds / (repayment) of short-term borrowings (net)	(1,464.35)	1,791.29
Repayment of Lease Liabilities	(127.02)	(112.54)
Interest paid (refer note 2 below)	(1,186.96)	(1,233.15)
Interim dividend paid (and related dividend distribution tax)	-	(294.24)
Final dividend paid (and related dividend distribution tax)	(180.85)	(188.50)
Net cash used in financing activities (C)	**309.72**	**(458.66)**
Net increase in cash and cash equivalents (A+B+C)	(253.21)	1,746.22
Cash and cash equivalent as at 1 April (refer below)	(543.48)	(2,247.96)
Effect of exchange rate fluctuations on cash and cash equivalent	(46.17)	(41.74)
Cash and cash equivalent as at 31 March (refer note below*)	**(842.86)**	**(543.48)**

EMCURE PHARMACEUTICALS LIMITED
Cash Flow Statement for the year ended March 31, 2021 (continued)

Rs. in million

Changes in liabilities arising from financing activities	**March 31, 2021**	**March 31, 2020**
Non current borrowings:		
Opening balance	6,297.88	6,806.32
Amount borrowed during the year	5,748.07	1,887.22
Amount repaid during the year	(2,479.17)	(2,308.74)
Others (includes unrealised foreign exchange differences)	(128.87)	(86.92)
Closing balance (refer note 16)	**9,437.91**	**6,297.88**
Finance cost:		
Opening balance	60.52	21.87
Finance cost incurred during the year	1,233.41	1,372.21
Amount paid during the year	(1,186.96)	(1,233.15)
Others (includes borrowing cost capitalised during the year)	(28.93)	(100.41)
Closing balance (refer note 22)	**78.04**	**60.52**

Rs. in million

Components of cash and cash equivalent:	**March 31, 2021**	**March 31, 2020**
Cash on hand	0.48	0.39
Balances with bank in current accounts	2,449.02	261.23
Demand deposits (with original maturity of less than 3 months)	6.08	34.60
Bank overdrafts used for cash management purpose	(3,298.44)	(839.70)
Total cash and cash equivalent*	**(842.86)**	**(543.48)**

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

Notes to the cash flow statement:

1. This includes prepayment of term loan & vehicle loan amounting to Rs. 659.30 million (March 31, 2020: Rs. Nil).

2. Includes interest expense of Rs. 124.91 million (March 31, 2020: Rs. 18.23 million) which has been capitalised in accordance with Ind AS 23, Borrowing Costs.

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

As per our report of even date attached.

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

Abhishek
Partner
Membership No. 062343

Place:
Date: May 28, 2021

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
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DIN: 00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Tajuddin Shaikh
Chief Financial Officer
PAN: AKQPS1951G

Place: Pune
Date: May 28, 2021

1A. General information:

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

1B. Basis of preparation

a) Basis of preparation

i. Statement of compliance

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

The financial statements were authorised for issue by the Company's Board of Directors on May 28, 2021.

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

b) Functional and presentation currency

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

c) Basis of Measurement

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

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

d) Use of estimates and judgements

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

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

Assumptions and estimation uncertainties

Information about assumptions and estimations uncertainties that have a significant risk resulting in a material adjustment in the year ending 31 March 2021 is included in following notes:

Note 1C. c) Useful lives of property, plant, equipment and intangibles;
Note 5 - Impairment of investments in subsidiaries
Note 9 - Valuation of inventories
Note 23 - recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources;

Note 35 - recognition of deferred tax assets: availability of future taxable profit against which tax credit can be used;
Note 38 - Impairment of financial instruments
Note 39 - measurement of fair value of optionally convertible and redeemable preference shares; key assumptions for earning growth rate and discount rate
Note 39 - measurement of loans to related parties at amortised cost and interest accrued on these loans; key assumptions for discount rate
Note 44 - measurement of defined benefit obligations: key actuarial assumptions;
Note 4 - measurement of discount rate for initial recognition of ROU and Lease Liability as per IND AS 116

e) Measurement of fair values

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

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

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

e) Measurement of fair values (continued)

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

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

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

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

- Note 39 – financial instruments;
- Note 45 – share-based payment arrangements; and

f) Current versus non current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:
- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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

Liabilities

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

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

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

Operating cycle

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

1C. Significant accounting policies

a) Foreign Currency Translation

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Exchange difference are recognised in statement of profit and loss, except exchange differences arising from the translation of the following item which are recognised directly in other equity:
i. Translation of long term foreign currency monetary items pertaining to period prior to transition to Ind AS and which are not related to purchase of property, plant and equipment and intangible assets (refer note 15).

1C. Significant accounting policies (continued)

b) Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

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

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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets: Business model assessment

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

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

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

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
- contingent events that would change the amount and timing of cash flows;
- term that would adjust the contractual rate, including variable interest rate features;
- prepayment and extension features; and
- term that limits the Company's claim to cash flows for specified assets (e.g. non- recourse features).

1C. Significant accounting policies (continued)

b) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

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

c) Property, plant and equipment

i. Recognition and measurement

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

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

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

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

1C. Significant accounting policies (continued)

c) Property, plant and equipment (continued)

ii. Subsequent expenditure

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

iii. Depreciation

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

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

Depreciation is provided on pro-rata basis using the straight-line method over the estimated useful lives of the assets prescribed under Schedule II to the Companies Act 2013 except in case of:
- Furniture and fixtures at leasehold premises that are depreciated over the lease period.
- Vehicles are depreciated over 5 years, as per technical evaluation.

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

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

d) Intangible assets

i. Initial recognition:

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

ii. Subsequent expenditure

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

iii. Amortisation

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

The estimated useful lives are as follows:

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

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

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

v. Impairment
The Company irrespective of whether there is any indication of impairment, tests an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of the intangible asset not yet available for use exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

e) Inventories

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

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

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

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

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

1C. Significant accounting policies (continued)

e) Inventories (continued)

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

f) Impairment

i. Impairment of financial instruments

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

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

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

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

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

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

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

The Company assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

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

Measurement of expected credit loss

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

Presentation of allowance of expected credit losses in the balance sheet

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

Write – off

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

ii. Impairment of non-financial asset

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

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

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less cost of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

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

1C. Significant accounting policies (continued)

f) Impairment (continued)

ii. Impairment of non-financial asset(continued)

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

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

g) Employee benefits

i. Short term employee benefits

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

ii. Share-based payment transactions

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

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

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

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

iii. Defined contribution plan

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

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

iv. Defined benefit plan

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

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

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

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

1C. Significant accounting policies (continued)

g) Employee benefits (continued)

v. Other long term employee benefit

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

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

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

i. Sales returns and breakage expiry

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

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

ii. Contingencies

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

iii. Contingent liabilities and contingent assets

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

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

i) Revenue from sale of goods

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

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

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

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

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

1C. Significant accounting policies (continued)

i) Revenue from sale of goods (continued)

Profit share revenues

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

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

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

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

Rental income

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

j) Government grants

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

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

k) Leases

i. The Company as a lessee

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

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

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

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

1C. Significant accounting policies (continued)

k) Leases (continued)

i. The Company as a lessee (continued)

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

For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

ii. The Company as a lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

l) Recognition of dividend income, interest income or expenses

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income is recognised using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

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

m) Income tax

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

i. Current tax

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

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

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

ii. Deferred tax

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

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

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

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

1C. Significant accounting policies (continued)

m) Income tax (continued)

ii. Deferred tax (continued)

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

n) Borrowing cost

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

o) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate.
The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.
Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the Company has made accounting policy choice of recognising fair value of such financial guarantee as finance cost.

o) Cash and cash equivalents

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

p) Segment Reporting

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

The board of directors of the Company are identified as Chief operating decision maker. Refer note 49 for segment information.

q) Earnings per share

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

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

s) Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') presentation

The Company presents EBITDA as a separate line item on the face of the statement of profit and loss. EBITDA is calculated as the profit for the year before interest, tax, depreciation and amortisation and is presented consistently over the periods.

r) Exceptional item

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

s) Cash flow statement

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

t) Research and development

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

Note 1D. Recent accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

• Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
• Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
• Specified format for disclosure of shareholding of promoters.
• Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
• If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
• Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

• Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

EMCURE PHARMACEUTICALS LIMITED
Notes to the financial statements (continued)
For the year ended March 31, 2021

Rs. in million

Note 2A - Property, plant and equipment	Gross book value					Accumulated depreciation					Net book value
	As at April 1, 2020	Additions during the year	Disposals during the year	Other adjustments (refer note 19)	As at March 31, 2021	As at April 1, 2020	Charge for the year	Disposals during the year	Other adjustments (refer note 19)	As at March 31, 2021	As at March 31, 2021
Freehold land	14.42	14.83	-	-	29.25	-	-	-	-	-	29.25
Leasehold improvements	229.06	0.59	-	-	229.65	115.04	30.66	-	-	145.70	83.95
Building	3,188.82	226.04	-	-	3,414.86	407.65	124.14	-	-	531.79	2,883.07
Plant and machinery	8,916.19	1,928.39	(30.25)	(104.77)	10,709.56	3,341.94	838.83	(15.91)	(31.36)	4,133.50	6,576.06
Electrical installation	639.20	73.20	-	-	712.40	327.04	56.39	-	-	383.43	328.97
Air handling equipment	877.38	123.88	(0.02)	-	1,001.24	343.76	75.87	(0.01)	-	419.62	581.62
Computers	393.16	48.96	(0.21)	-	441.91	259.10	57.41	(0.18)	-	316.33	125.58
Office equipments	110.66	6.23	(0.39)	-	116.50	75.27	12.80	(0.13)	-	87.94	28.56
Furniture and fixtures	260.29	49.61	(0.36)	-	309.54	99.87	26.11	(0.05)	-	125.93	183.61
Vehicles	144.45	19.29	(12.35)	-	151.39	102.42	20.09	(10.40)	-	112.11	39.28
Total	**14,773.63**	**2,491.02**	**(43.58)**	**(104.77)**	**17,116.30**	**5,072.09**	**1,242.30**	**(26.68)**	**(31.36)**	**6,256.35**	**10,859.95**

Rs. in million

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

Rs. in million

Note 2B - Capital work-in-progress	As at the beginning of the year	Additions during the year	Capitalised during the year	Disposals during the year	Other adjustments (refer note 19)	As at the end of the year
Year ended March 31, 2021	3,260.59	831.83	(2,116.55)	(0.53)	(54.40)	1,920.94
Year ended March 31, 2020	4,059.55	630.42	(1,335.69)	(93.69)	-	3,260.59

Notes for schedule 2A and 2B:

1. The capital work in progress at the year end mainly consists of plant and machinery, building and other assets pertaining to various projects / plants, expansion of existing facilities, etc.

2. The effect of changes in foreign exchange rates on foreign currency loans relating to acquisition of depreciable capital assets, amounting to Rs. Nil (March 31, 2020 gain of Rs. 3.01 million) relating to eligible assets for the year ended March 31, 2021, have been added to the cost of such assets.

3. The borrowing cost capitalised on qualifying assets amounting to Rs. 124.91 million (March 31, 2020 Rs. 18.23 million) have been added to the cost of assets during the year (refer note 32).

4. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is @ 8.50% p.a. (March 31, 2020 - 8.30% p.a. to 10.88% p.a).

5. Refer note 47 for information on Property, plant and equipment and Capital work-in-progress pledged as security by the company.

Rs. in million

Note 3 - Intangible assets	Gross book value					Accumulated amortisation					Net book value
	As at April 1, 2020	Additions during the year	Disposals during the year	Other Adjustments	As at March 31, 2021	As at April 1, 2020	Charge for the year	Disposals during the year	Other Adjustments	As at March 31, 2021	As at March 31, 2021
Brands	1,027.38	-	-	-	1,027.38	538.77	115.45	-	-	654.22	373.16
Software	441.88	122.37	-	-	564.25	328.50	86.48	-	-	414.98	149.27
Licensing rights	118.92	-	-	-	118.92	18.31	10.55	-	-	28.86	90.06
Total	**1,588.18**	**122.37**	**-**	**-**	**1,710.55**	**885.58**	**212.48**	**-**	**-**	**1,098.06**	**612.49**

Rs. in million

Note 3 - Intangible assets	Gross book value					Accumulated amortisation					Net book value
	As at April 1, 2019	Additions during the year	Disposals during the year	Other Adjustments	As at March 31, 2020	As at April 1, 2019	Charge for the year	Disposals during the year	Other Adjustments	As at March 31, 2020	As at March 31, 2020
Brands	1,125.60	-	(98.22)	-	1,027.38	474.22	133.33	(68.78)	-	538.77	488.61
Software	395.58	46.30	-	-	441.88	244.10	84.40	-	-	328.50	113.38
Licensing rights	13.44	105.48	-	-	118.92	11.98	6.33	-	-	18.31	100.61
Total	**1,534.62**	**151.78**	**(98.22)**	**-**	**1,588.18**	**730.30**	**224.06**	**(68.78)**	**-**	**885.58**	**702.60**

Refer note 47 for information on Intangible assets pledged as security by the company.

EMCURE PHARMACEUTICALS LIMITED
Notes to the financial statements (continued)
For the year ended March 31, 2021

Note 4: Leases - 116

Lease contracts entered by the Company majorly pertains for Land & buildings taken on lease to conduct its business in the ordinary course. Information about leases for which the company is lessee is presented as below:

Right-Of -Use Of Asset

Rs. in million

Particulars	Land	Land & Building	Computers	Total
Initial Recognition as on April 1, 2019	4.13	585.30	-	589.43
Reclassification from Property, Plant & Equipment	769.94	-	-	769.94
Depreciation charge for the year	(8.97)	(93.96)	-	(102.93)
Balance as at March 31, 2020	**765.10**	**491.34**	**-**	**1,256.44**
Additions for new leases entered during the year	-	102.72	60.38	163.10
Deletions for leases terminated during the year	-	(5.41)	-	(5.41)
Depreciation charge for the year	(8.97)	(91.60)	(7.00)	(107.57)
Balance as at March 31, 2021	**756.13**	**497.05**	**53.38**	**1,306.56**

Lease Liabilities

Rs. in million

Particulars	March 31, 2021	March 31, 2020
Balance as at the beginning of the year	525.87	-
Initial Recognition as on April 1, 2019	-	589.43
Additions for new leases entered during the year	163.10	-
Deletions for leases terminated during the year	(5.59)	-
Interest on lease liabilities	54.97	49.00
Repayment of lease liabilities	(127.02)	(112.56)
Balance as at the end of the year	**611.33**	**525.87**
Current	80.19	56.21
Non-current	531.14	469.66

Maturity analysis - contractual undiscounted cash flows-

Particulars	March 31, 2021	March 31, 2020
Less than one year	130.97	97.53
One to five years	367.67	290.28
More than five years	471.65	510.12
Total undiscounted lease liabilities as at year end	**970.29**	**897.93**

Amount recognised in statement of Profit or Loss

Particulars	March 31, 2021	March 31, 2020
Interest on lease liabilities	54.97	49.00
Depreciation on ROU	107.57	102.93
Expenses relating to short term leases	0.09	2.00
Expenses relating to leases of low value assets, excluding leases of low value assets	2.90	1.32
Total	**165.53**	**155.25**

Amounts recognised in statement of cash flow

Cash flow from financing activities		
Repayment of Lease Liabilities	(127.02)	(112.56)

The weighted average incremental borrowing rate of 9.36% p.a (March 31, 2020 : 9.20% p.a) has been applied to lease liabilities recognised in the balance sheet.

Rs. in million

Note 5 **Non-current investments**	**March 31, 2021**	**March 31, 2020**
Investment in equity instruments:		
Unquoted (Valued at cost unless otherwise stated)		
Investments in subsidiaries		
Investments in Zuventus Healthcare Limited		
15,960,000 (March 31, 2020 : 15,960,000) fully paid equity shares of Rs. 10 each	71.82	71.82
Equity contribution in the nature of employee stock options issued to employees of subsidiary	1.83	4.28
	73.65	76.10
Investments in Gennova Biopharmaceuticals Limited		
4,847,500 (March 31, 2020 : 4,847,500) fully paid equity shares of Rs. 10 each	48.48	48.48
Equity contribution in the nature of employee stock options issued to employees of subsidiary	8.59	7.86
	57.07	56.34
Investments in Emcure Nigeria Limited		
5,836,841 (March 31, 2020: 5,836,841), fully paid equity shares of Naira 1 each	1.90	1.90
	1.90	1.90
Investments in Emcure Pharmaceuticals Mena FZ-LLC		
16,100 (March 31, 2020: 100), fully paid equity shares of AED 1000 each	322.44	1.33
Equity contribution in the nature of employee stock options issued to employees of subsidiary	34.12	34.12
	356.56	35.45
Investments in Emcure Pharmaceuticals South Africa (Pty) Ltd		
36,100,100 (March 31, 2020: 100), fully paid equity shares of ZAR 1 each	178.76	#
	178.76	#
*Investments in Heritage Pharma Holdings Inc. **		
3,119 (March 31, 2020: 2,135), fully paid equity shares of USD 1 each	3,277.10	1,790.79
Equity contribution in the nature of employee stock options issued to employees of subsidiary	-	25.26
	3,277.10	1,816.05
Investments in Emcure Pharma UK Ltd.		
32,765,000 (March 31, 2020: 11,765,000), fully paid equity shares of GBP 1 each	3,110.08	1,087.36
Equity contribution in the nature of employee stock options issued to employees of subsidiary	3.67	3.67
	3,113.75	1,091.03
Investments in Emcure Brasil Farmaceutica LTDA		
4,642,498 (March 31, 2020: 4,642,498), fully paid equity shares of Real 1 each	122.55	122.55
Equity contribution in the nature of employee stock options issued to employees of subsidiary	1.18	1.18
	123.73	123.73
Investments in Emcure Pharma Mexico S.A. De C.V.		
49,999 (March 31, 2020: 49,999), fully paid equity shares of Peso 1 each	0.21	0.21
	0.21	0.21
Investments in Emcure Pharma Peru S.A.C		
1,975,707 (March 31, 2020: 990), fully paid equity shares of Sol 1 each	41.07	0.02
	41.07	0.02

The amounts are below the rounding off norm adopted by the Company.
* Pledged to the banks for loan facilities availed by respective companies

Rs. in million

Note 5 **Non-current investments (continued)**	**March 31, 2021**	**March 31, 2020**
*Investments in Marcan Pharmaceuticals Inc.**		
32,380,001 (March 31, 2020: 12,880,001), fully paid equity shares of CAD 1 each	1,302.48	650.91
Equity contribution in the nature of employee stock options issued to employees of subsidiary	17.00	16.58
	1,319.48	667.49
Investments in Emcure Pharmaceuticals Pty Ltd		
1,000,000 (March 31, 2020: 100,000), fully paid equity shares of AUD 1 each	48.72	48.72
	48.72	48.72
Investment in equity instruments:		
Unquoted (Valued at cost unless otherwise stated)		
Investment in step down subsidiaries		
Investments in Heritage Pharma Labs Inc.		
Equity contribution in the nature of employee stock options issued to employees of subsidiary	14.88	22.71
	14.88	22.71
Investments in Heritage Pharmaceuticals Inc.		
Equity contribution in the nature of employee stock options issued to employees of subsidiary	14.70	132.38
	14.70	132.38
Investments in Tillomed Laboratories Limited		
Equity contribution in the nature of employee stock options issued to employees of subsidiary	11.97	4.96
	11.97	4.96
Investments in Avet Lifesciences Limited		
1,00,000 (March 31, 2020: Nil), fully paid equity shares of INR 1 each	0.10	-
	0.10	-
Investments in Emcure Pharma Chile SpA		
15,50,00,000 (March 31, 2020: Nil), fully paid equity shares of CLP 1 each	3.66	-
	3.66	-
Aggregate amount of unquoted Investments	**8,637.31**	**4,077.09**

The amounts are below the rounding off norm adopted by the Company.
* Pledged to the banks for loan facilities availed

Rs. in million

Note 6 **Loans**	**March 31, 2021**	**March 31, 2020**
Unsecured considered good, unless otherwise specified:		
Loans to related parties (refer note 43)	2,659.70	626.13
Security deposits	120.82	106.38
Total	**2,780.52**	**732.51**

Break-up of security details	**March 31, 2021**	**March 31, 2020**
Loans considered good - Secured	-	-
Loans considered good - Unsecured	2,780.52	732.51
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**2,780.52**	**732.51**
Less: Loss allowance	-	-
Total	**2,780.52**	**732.51**

Rs. in million

Note 7 **Other non-current financial assets**	**March 31, 2021**	**March 31, 2020**
Unsecured considered good, unless otherwise specified:		
Term deposits with banks having remaining maturity period of more than 12 months (refer note below)	21.74	17.92
Interest accrued on loans to related parties (refer note 43)	121.85	235.65
Total	**143.59**	**253.57**

Note: Held as lien by bank against guarantees.

Rs. in million

Note 8 **Other non-current assets**	**March 31, 2021**	**March 31, 2020**
Unsecured considered good, unless otherwise specified:		
Capital Advances	93.02	245.52
Prepaid expenses	2.37	2.21
Balances with government authorities	74.28	70.43
Total	**169.67**	**318.16**

Rs. in million

Note 9 **Inventories**	**March 31, 2021**	**March 31, 2020**
Raw materials [Includes in transit Rs. 202.07 million (March 31, 2020 - Rs. 72.98 million)]	2,578.65	2,108.35
Packing materials [Includes in transit Rs. 14.57 million (March 31, 2020 - Rs. 15.12 million)]	473.27	374.26
Work-in-process	1,144.83	449.20
Finished goods [Includes in transit Rs. Nil (March 31, 2020 - Rs. 8.87 million)]	1,179.89	800.42
Stock in trade [Includes in transit Rs. 1.04 million (March 31, 2020 - Rs. 1.59 million)]	491.98	487.45
Stores and spares [Includes in transit Rs. 3.44 million (March 31, 2020 - Rs. Nil)]	349.12	216.94
Total	**6,217.74**	**4,436.62**

Notes:

1. Amounts recognised in profit or loss
Write-downs of inventories as at the year end amounted to Rs. 271.35 million (March 31, 2020 - Rs. 468.63 million). Increase/decrease in write-down provision is recognised as an expense during the year and included in cost of materials consumed or changes in inventories of finished goods, work-in-progress and traded goods in statement of profit and loss.

2. Inventories are hypothecated as security against the long term and short term borrowings outstanding as at year end and previous period, refer note 47.

Rs. in million

Note 10 **Trade receivables**	**March 31, 2021**	**March 31, 2020**
Unsecured, considered good	9,994.25	11,382.93
Doubtful	351.98	273.71
Less: Allowance for doubtful debts	(351.98)	(273.71)
Total	**9,994.25**	**11,382.93**

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

Particulars	**March 31, 2021**	**March 31, 2020**
Total trade receivables from related parties (refer note 43)	6,079.13	7,555.28
Less: Allowance for doubtful debts	(157.82)	(118.14)
Net trade receivables	**5,921.31**	**7,437.14**

Rs. in million

Break-up of security details	**March 31, 2021**	**March 31, 2020**
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	9,994.25	11,382.93
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	351.98	273.71
Total	**10,346.23**	**11,656.64**
Less: Loss allowance	(351.98)	(273.71)
Total	**9,994.25**	**11,382.93**

For receivables secured against borrowings, refer note 47.
The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 38.

Rs. in million

Note 11A **Cash and cash equivalents**	**March 31, 2021**	**March 31, 2020**
Cash on hand	0.48	0.39
Balances with bank in current accounts	2,449.02	261.23
Demand deposits (with original maturity of less than 3 months)	6.08	34.60
Total	**2,455.58**	**296.22**

Rs. in million

Note 11B **Bank balances other than cash and cash equivalents**	**March 31, 2021**	**March 31, 2020**
Term deposits with banks having initial maturity of more than 3 months but remaining maturity of less than 12 months (refer note below)	151.67	95.93
Total	**151.67**	**95.93**

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

Rs. in million

Note 12 **Other current financial assets**	**March 31, 2021**	**March 31, 2020**
Unsecured considered good, unless otherwise specified:		
Interest accrued on deposits with bank	2.08	1.20
Interest accrued on deposits with others	1.42	1.32
Interest accrued on loans to related parties	75.77	-
Current maturities of loans to related parties (refer note 43)	830.04	-
Financial guarantee fees receivable from subsidiaries (refer note 43)	228.63	146.31
Other amount due from subsidiaries (refer note 43)	865.93	372.58
Other receivable	76.62	66.53
Total	**2,080.49**	**587.94**

Rs. in million

Note 13 **Other current assets**	**March 31, 2021**	**March 31, 2020**
Unsecured considered good, unless otherwise specified:		
Advances for supply of goods and services	238.92	235.57
Balances with government authorities	835.82	966.19
Advance to employees	1.97	16.73
Prepaid expenses	50.35	57.53
Total	**1,127.06**	**1,276.02**

Rs. in million

Note 14 Equity share capital	March 31, 2021		March 31, 2020	
	Number of shares	Value	Number of shares	Value
a. Authorised share capital				
Equity Shares of Rs. 10 each	20,00,00,000	2,000.00	20,00,00,000	2,000.00
b. Issued, subscribed and paid up capital*				
Equity Shares of Rs. 10 each	18,08,52,116	1,808.52	18,08,52,116	1,808.52

* All issued shares are fully paid up.

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

Rs. in million

Particulars	March 31, 2021		March 31, 2020	
	Number of shares	Value	Number of shares	Value
Equity Shares outstanding at the beginning and at the end of the year	18,08,52,116	1,808.52	18,08,52,116	1,808.52

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

d. Rights, preferences and restrictions attached to equity shares

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

e. Employee stock options

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

f. No shares were issued for consideration other than cash during the period of five years immediately preceding the year ended March 31, 2021.

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

Particulars	March 31, 2021		March 31, 2020	
	No. of Shares held	% of Shareholding	No. of Shares held	% of Shareholding
Satish Mehta	7,57,78,176	41.90%	7,57,49,248	41.88%
BC Investments IV Limited	2,36,73,544	13.09%	2,36,73,544	13.09%
Sanjay Mehta	1,57,64,028	8.72%	1,57,64,028	8.72%
Samit Mehta	1,35,47,632	7.49%	1,35,47,632	7.49%
Sunil Mehta	1,10,85,012	6.13%	1,10,85,012	6.13%
Bhavana Mehta	93,88,288	5.19%	93,88,288	5.19%
Total	**14,92,36,680**	**82.52%**	**14,92,07,752**	**82.50%**

h. Shares reserved for issue under options:

Rs. in million

Particulars	March 31, 2021		March 31, 2020	
	Number of shares	Value	Number of shares	Value
Equity shares with face value of Rs. 10 each (refer note 45)				
a. Under ESOS, 2013; at an exercise price of Rs. 221.25 per share	9,00,000	9.00	12,10,000	12.10
b. Under ESOS, 2013; at an exercise price of Rs. 508.75 per share	60,000	0.60	60,000	0.60
c. Under ESOS, 2013; at an exercise price of Rs. 522 per share	1,60,000	1.60	18,45,000	18.45
d. Under ESOS, 2013; at an exercise price of Rs. 580 per share	2,55,000	2.55	5,25,000	5.25
e. Under ESOS, 2013; at an exercise price of Rs. 620 per share	2,20,000	2.20	-	-
Total	**15,95,000**	**15.95**	**36,40,000**	**36.40**

Rs. in million

Note 15 Other equity	Note	March 31, 2021	March 31, 2020
Capital reserve	(i)	12.92	12.92
Securities premium	(ii)	840.37	840.37
Share options outstanding account	(iii)	117.24	269.10
General reserve	(iv)	1,438.14	1,414.18
Foreign currency monetary item translation reserve	(v)	29.44	54.32
Retained earnings	(vi)	18,771.09	14,746.09
Total		**21,209.20**	**17,336.98**

Rs. in million

Note to other equity	March 31, 2021	March 31, 2020
i. Capital reserve		
Balance as at the beginning and end of the year	12.92	12.92
ii. Securities premium		
Balance as at the beginning and end of the year	840.37	840.37
iii. Share options outstanding account		
Balance as at the beginning of the year	269.10	153.02
Equity contribution in the nature of employee stock options issued to employees of subsidiary	8.15	116.70
Employee share - based expense recognised in statement of profit and loss	26.05	27.48
Options forfeited, transferred to general reserve	(32.84)	(28.10)
Options forfeited, cancellation of equity contribution in the nature of ESOP issued	(153.22)	-
Balance as at the end of the year	117.24	269.10
iv. General reserve		
Balance as at the beginning of the year	1,414.18	1,395.90
Options forfeited, transferred from share options outstanding account	32.84	28.10
Income tax on above items	(8.88)	(9.82)
Balance as at end of the year	1,438.14	1,414.18
v. Foreign currency monetary item translation reserve		
Balance as at the beginning of the year	54.32	67.22
Reclassified to statement of profit and loss during the year	(33.25)	(19.83)
Income tax on above items	8.37	6.93
Balance as at the end of the year	29.44	54.32
vi. Retained earnings		
Balance as at the beginning of the year	14,746.09	13,497.12
Profit for the year	4,204.75	1,752.05
Items of other comprehensive income recognised directly in retained earnings	1.10	(20.34)
Dividend (including dividend distribution tax) (refer note below)	(180.85)	(482.74)
Balance as at the end of the year	18,771.09	14,746.09
Total	**21,209.20**	**17,336.98**

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

Rs. in million

Particulars	March 31, 2021	March 31, 2020
Interim dividend on equity shares	-	(271.28)
Dividend distribution tax on above	-	(22.96)
Final dividend on equity shares*	(180.85)	(180.85)
Dividend distribution tax on above	-	(7.65)
Total	**(180.85)**	**(482.74)**

* Final dividend paid during the period ended March 31, 2021 is related to dividend proposed for the year ended March 31, 2020.

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

Rs. in million

Particulars	March 31, 2021	March 31, 2020
Rs. 1 per equity share (March 31, 2020 : Rs. 1 per equity share)	180.85	180.85

Nature and purpose of other reserves

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

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

Share options outstanding account
The Company has established equity-settled share-based payment plans for certain categories of employees of the group. Refer note 45 for further details of these plans.

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

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

EMCURE PHARMACEUTICALS LIMITED
Notes to the financial statements (continued)
For the year ended March 31, 2021

Rs. in million

Note 16 **Non-current borrowings**	**March 31, 2021**	**March 31, 2020**
Secured		
Term loans:		
Indian currency loans from banks	2,407.78	3,204.22
Indian currency loans from others	3,573.96	1,854.28
Foreign currency loans from banks	3,595.61	1,285.55
Vehicle loans	35.78	42.91
	9,613.13	6,386.96
Less: Current maturities of term loans (refer note 22)	(2,963.47)	(1,743.59)
Less: Current maturities of vehicle loans (refer note 22)	(14.70)	(15.56)
Less: Transaction cost attributable to the borrowings	(175.22)	(89.08)
Total	**6,459.74**	**4,538.73**

a) Statement of principal terms of secured term loans outstanding as on March 31, 2021

Nature of facility	Repayment terms	Rate of interest % (per annum)	Currency	Amount outstanding (Rs. in million)	Security
Term Loan	48 monthly installments from March 2017 **	1 Y MCLR + 3.25%	INR	24.45	As per Note No. 1
Term Loan	48 monthly installments from July 2017 **	1 Y MCLR + 3.25%	INR	180.44	As per Note No. 1
Term Loan	48 monthly installments from March 2019 **	1 year Libor + 3.44%	USD	570.68	As per Note No. 1
Term Loan	48 monthly installments from March 2019 **	1 Y MCLR + 2.95%	INR	16.54	As per Note No. 1
Term Loan	48 monthly installments from January 2020 **	1 Y MCLR + 3.70%	INR	254.58	As per Note No. 1
Term Loan	16 quarterly installments from January 2021	1 year MCLR+1.85%	INR	468.75	As per Note No. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	104.16	As per Note No. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	104.16	As per Note No. 1
Term Loan	12 equal half yearly installments from September 2020	6M Libor+ 3.50%	USD	402.11	As per Note No. 1
Term Loan	12 equal half yearly installments from April 2021	6M Libor+ 3.50%	USD	2,485.74	As per Note No. 2
Term Loan	16 equal quarterly installments from May 2018 **	6M Libor+ 3.25%	USD	137.08	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2018 **	LTMR+75 bps	INR	531.25	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2020 **	LTMR+75 bps	INR	568.45	As per Note No. 1
Term Loan	28 quarterly ballooning installments from April 2019	LTRR-7.00%	INR	692.73	As per Note No. 6
Term Loan	15 equal quarterly installments from July 2018	LTRR-6.90%	INR	160.00	As per Note No. 6
Term Loan	14 equal quarterly installments from October 2018	LTRR-6.90%	INR	114.29	As per Note No. 6
Term Loan	2 Equal Monthly Installment Post Completion of Original Term Loans Tenure	LTRR-6.90%/ 7.00%	INR	109.10	As per Note No. 6
Term Loan	60 monthly installments from August 2019	LTLR - 8.25%	INR	315.00	As per Note No. 4
Term Loan	60 monthly installments from December 2019	LTLR - 8.25%	INR	167.50	As per Note No. 1
Term Loan	2 Equal Monthly Installment Post Completion of Original Term Loans Tenure	LTLR - 8.25%	INR	15.34	As per Note No. 1 & 4
Term Loan	60 monthly installments from April 2021	LTLR - 10.00%	INR	800.00	As per Note No. 7
Term Loan	60 monthly installments from April 2021	LTLR - 10.00%	INR	200.00	As per Note No. 1
Term Loan	48 monthly installments from August 2021	3M MCLR + 0.35%	INR	155.00	As per Note No. 5
Term Loan	20 Equal Quarterly Installments from May 2021	1 Year MCLR + 2.05%	INR	1,000.00	As per Note No. 1
Vehicle Loan	Monthly installments starting from Aug 2014 and ending on Feb 2024	7.50% to 9.39%	INR	35.78	As per Note No. 3
	Total			**9,613.13**	

** Repayment Terms are futher enlongated by 6 Months on account of availment of Moratorium based on RBI Guidelines vide no. RBI/2019-20/186.

Note 1

1. First pari passu (registered mortgage) charge over the immovable fixed assets situated at

a) Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
b) Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
c) Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802;

2. First pari passu (hypothecation) charge over all the movable properties situated at:

a) Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
b) Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
c) Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
d) Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802

3. First pari passu charge on intangible assets (ANDAs and DMFs and acquired brands out of loans proceeds) of the company.

4. Second pari passu (hypothecation) charge on current assets of the Company.

Note 2
The following security has been created for the facilities.
a) First Charge along on immovable and movable fixed assets situated at Plot No. SM-14, SM15 & SM 16/1Sanand Industrial Estate, Gujarat

Note 3
Secured by vehicles for which loan is availed.

Note 4
The following security has been created for the facilities.
a) Exclusive Charge on immovable fixed assets situated at Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057

Note 5
The following security has been created for the facilities. Exclusive first charge on :
a) Exclusive Charge on all present and future Immovable & Movable Fixed Assets situated at New Survey No. 485, Kadu, Lakhtar, Surendranager

Note 6
The following security has been created for the facilities. Exclusive first charge on :
a) Exclusive Charge on all present and future Immovable & Movable Fixed Assets situated at Rango Plant, Sikkim owned by Zuventus Healthcare Limited (a subsidiary of the Company)
b) Corporate Guanratee of Zuventus Healthcare Limited (a subsidiary of the Company)

Note 7
First & Exclusive Charge over Immovable & Movable Fixed Assests situated at:
a) S. No. 255, Hissa No. 2, Village Hinjewadi, Taluka Mulshi, Pune 411057
b) Plot No. T-184, MIDC, Bhosari, Pune 411026
c) Block No. F-II, Plot No 12/2 & 12/1, Pimpri Industrial Area, Pune 411018.

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

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

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

Note 1

1. First pari passu (registered mortgage) charge over the immovable fixed assets situated at

a) Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
b) Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
c) Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802;

2. First pari passu (hypothecation) charge over all the movable properties situated at:

a) Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
b) Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
c) Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
d) Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802

3. First pari passu charge on intangible assets (ANDAs and DMFs and acquired brands out of loans proceeds) of the company.

4. Second pari passu (hypothecation) charge on current assets of the company.

Note 2

Exclusive Charge on Following Properties situated at
a) Exclusive Charge on immovable and movable fixed assets situated at Plot No. SM-14, SM-15 & 16/1 Sanand Industrial Estate, Gujarat
b) Movable fixed assets situated at Arihant School, of Pharmacy & Bio Research Institute, Adalaj, SG Highway, Dist.: Gandhinagar, Gujarat

Note 3

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

Note 4

Secured by vehicles for which loan is availed.

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

EMCURE PHARMACEUTICALS LIMITED
Notes to the financial statements (continued)
For the year ended March 31, 2021

Rs. in million

Note 17 Other non-current financial liabilities	March 31, 2021	March 31, 2020
Trade deposits (refer note below)	91.72	89.85
Financial guarantee obligations (refer note 43)	11.82	32.07
Other deposits (refer note 43)	14.99	13.42
Total	**118.53**	**135.34**

Note: Includes deposit from firm in which directors of the Company are interested - Rs. 10.00 million (March 31, 2020 - Rs. 10.00 million).

Rs. in million

Note 18 Non-current provisions	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for compensated absences	178.03	157.56
Other provisions		
Provision for sales returns and breakage expiry (refer note 23)	154.91	146.15
Total	**332.94**	**303.71**

Rs. in million

Note 19 Assets classified as held for sale	March 31, 2021	March 31, 2020
Plant and machinery	127.80	-
Total	**127.80**	**-**

Note:
Plant and machinery classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. Resultant gain/(loss) on reclassification was Rs. Nil. The fair value of the assets was determined based on firm commitment orders received from interested party. This is a level 2 measurement as per the fair value hierarchy set out in fair value measurement disclosures.

Rs. in million

Note 20 Current borrowings	March 31, 2021	March 31, 2020
Secured		
Cash credit facilities / bank overdraft repayable on demand from banks	3,298.44	839.70
Working capital loans from banks	3,252.35	4,772.20
Less: Transaction cost attributable to the borrowings	(15.31)	(2.61)
Unsecured		
Other cash credit facilities from banks	60.46	-
Total	**6,595.94**	**5,609.29**

Notes:
1. Borrowings from banks are secured by hypothecation of inventories, book debts and receivables (refer note 47).

2. The Cash credit facilities / bank overdraft facilities are repayable on demand and working capital loans are repayable within a year, with a range of interest for foreign currency loans of LIBOR+150 bps to LIBOR 250 bps and for Rupee loans 7.75% p.a. to 9.40% p.a. (March 31, 2020: foreign currency loans of LIBOR+250 bps and for Rupee loans 8.30% p.a. to 9.70% p.a.)

EMCURE PHARMACEUTICALS LIMITED
Notes to the financial statements (continued)
For the year ended March 31, 2021

Rs. in million

Note 21 Trade payables	March 31, 2021	March 31, 2020
Trade payables to related parties (refer note 43)	276.99	353.92
Other trade payables		
Total outstanding dues of micro and small enterprises (refer note 52)	-	0.62
Total outstanding dues of creditors other than micro and small enterprises	5,465.87	4,031.70
Total	**5,742.86**	**4,386.24**

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

Rs. in million

Note 22 Other current financial liabilities	March 31, 2021	March 31, 2020
Current maturities of term loans (refer note 16)	2,963.47	1,743.59
Current maturities of vehicle loans (refer note 16)	14.70	15.56
Interest accrued but not due on borrowings	76.33	58.85
Interest accrued and due on trade deposits (refer note below)	1.71	1.67
Employee benefits payable	983.58	907.67
Creditors for capital assets	198.88	149.08
Financial guarantee obligations (refer note 43)	20.25	20.25
Other payables	17.88	14.48
Total	**4,276.80**	**2,911.15**

Note:
Includes Interest accrued and due on deposit from a firm in which directors of the company are interested - Rs. 0.17 million (March 31, 2020 - Rs. 0.17 million).

Rs. in million

Note 23 Current provisions	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for compensated absences	117.55	100.76
Provision for gratuity (refer note 44)	75.20	68.94
Other provisions		
Provision for sales returns and breakage expiry	246.32	212.85
Total	**439.07**	**382.55**

i) Information about provisions and significant estimates:

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

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

Note 23 - Current provisions (continued)

Significant estimates

The company has constructive obligation to accept the returns and expired products after sales to customers. Management estimates the related provision for future expected returns based on historical information as well as recent trends and change in business conditions that might suggest that past information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior years. Factors that could impact the estimated return include pattern of return and success of new products launched, Company's marketing initiatives, shelf life of products. Where the expected value of returns and expiry changes by 5% from the management's estimate, the provisions for return and expiry will be higher or lower by Rs. 20.06 million (March 31, 2020 - Rs. 17.95 million).

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

Rs. in million

Particulars	**March 31, 2021**	**March 31, 2020**
Beginning of the year	359.00	308.33
Provisions made during the year	878.87	808.79
Provisions utilised during the year	(836.64)	(758.12)
At the end of the year	**401.23**	**359.00**

Rs. in million

Note 24 **Other current liabilities**	**March 31, 2021**	**March 31, 2020**
Statutory dues including provident fund and tax deducted at source	177.89	115.61
Contract liabilities (advances from customers)	237.47	28.45
Total	**415.36**	**144.06**

Rs. in million

Note 25 **Revenue from operations***	**March 31, 2021**	**March 31, 2020**
Sale of products	30,957.65	23,326.38
Sale of services	314.39	30.40
Other operating revenue		
Income arising from government grant	-	5.26
Export incentives	209.36	337.20
Scrap sales	47.15	33.81
Indirect tax refund received (refer note 53)	8.09	24.04
Total	**31,536.64**	**23,757.09**

*Refer note 46 for details of revenue from contract with customers.

Rs. in million

Note 26 **Other income**	**March 31, 2021**	**March 31, 2020**
Interest income under the effective interest method from:		
Banks and others	53.28	8.02
Intercorporate loans	105.41	50.64
Dividend received from subsidiary	159.60	303.24
Profit on sale of property, plant and equipment	6.15	-
Gains on foreign exchange fluctuation (net)	385.61	669.04
Income on amortisation of financial guarantee liability (refer note 43)	20.25	20.31
Miscellaneous income	388.77	324.90
Total	**1,119.07**	**1,376.15**

Rs. in million

Note 27 Cost of material consumed	**March 31, 2021**	**March 31, 2020**
A: Raw material consumed		
Opening inventory	2,108.35	1,982.65
Add : Purchases (net)	9,793.32	4,965.11
	11,901.67	6,947.76
Less: Closing inventory	2,578.65	2,108.35
Cost of raw materials consumed during the year	9,323.02	4,839.41
B: Packing material consumed		
Opening inventory	374.26	443.04
Add : Purchases (net)	1,249.20	690.30
	1,623.46	1,133.34
Less: Closing inventory	473.27	374.26
Cost of packing materials consumed during the year	1,150.19	759.08
Total (A+B)	**10,473.21**	**5,598.49**

Rs. in million

Note 28 Changes in inventories of finished goods, work-in-progress and stock in trade	**March 31, 2021**	**March 31, 2020**
Opening inventory		
Work-in-process	449.20	882.29
Finished goods	800.42	723.84
Stock in trade	487.45	727.97
	1,737.07	2,334.10
Less: Closing inventory		
Work-in-process	1,144.83	449.20
Finished goods	1,179.89	800.42
Stock in trade	491.98	487.45
	2,816.70	1,737.07
Changes in inventories of finished goods, work-in-progress and stock in trade	**(1,079.63)**	**597.03**

Rs. in million

Note 29 Employee benefit expenses	**March 31, 2021**	**March 31, 2020**
Salaries, wages and bonus	4,886.29	4,861.80
Contribution to provident and other funds (refer note 44)	269.90	267.53
Gratuity (refer note 44)	101.89	79.54
Employee share-based payment (refer note 45)	26.05	27.48
Staff welfare expenses	225.47	217.15
Total	**5,509.60**	**5,453.50**

EMCURE PHARMACEUTICALS LIMITED
Notes to the financial statements (continued)
For the year ended March 31, 2021

Rs. in million

Note 30 Other expenses	March 31, 2021	March 31, 2020
Processing charges	288.93	186.90
Factory consumables	800.56	810.59
Power and fuel	739.21	672.89
Insurance	106.92	62.62
Repairs and maintenance	332.55	276.77
Rent	2.99	3.32
Rates and taxes	68.10	85.14
Freight	616.00	188.15
Advertisement and promotional materials	805.50	1,216.68
Travelling and conveyance	401.75	766.69
Commission on sales	204.10	232.46
Printing and stationery	59.66	62.37
Legal and professional fees	824.02	539.07
Contractual services	305.27	247.44
Payment to auditors (refer note below)	8.98	8.76
Commission to non executive directors	10.40	6.90
Directors sitting fees	1.16	0.84
Provision for doubtful debts	23.42	32.64
Loss on sale of property, plant and equipment	-	41.41
Bad debts written off	24.32	14.74
Expenditure towards corporate social responsibility (refer note 54)	64.77	58.08
Miscellaneous expenses	440.41	443.33
Total	**6,129.02**	**5,957.79**

Note - Payment to auditors:

Rs. in million

Particulars	March 31, 2021	March 31, 2020
Audit fees	5.19	5.57
Other services	3.54	2.34
Out of pocket expenses	0.25	0.85
Total	**8.98**	**8.76**

EMCURE PHARMACEUTICALS LIMITED
Notes to the financial statements (continued)
For the year ended March 31, 2021

Rs. in million

Note 31 Depreciation and amortisation expense	March 31, 2021	March 31, 2020
Depreciation on property, plant and equipment	1,242.30	1,222.75
Amortisation of intangible assets	212.48	224.06
Depreciation on right-of-use assets	107.57	102.93
Total	**1,562.35**	**1,549.74**

Rs. in million

Note 32 Finance cost	March 31, 2021	March 31, 2020
Interest on long-term borrowings measured at amortised cost	623.33	608.17
Interest on short-term borrowings measured at amortised cost	284.10	505.07
Interest on shortfall of advance income tax	45.73	33.19
Interest accrued on lease liabilities	54.97	49.00
Other borrowing costs	225.28	109.56
Exchange differences to the extent regarded as an adjustment to borrowing costs	-	67.22
Total	**1,233.41**	**1,372.21**

Rs. in million

Note 33 Exceptional items	March 31, 2021	March 31, 2020
Consultancy fees (see note (a) and (b) below)	182.88	441.59
Total	**182.88**	**441.59**

Note:

1) The Company received a warning letter dated March 3, 2016 in respect of its manufacturing location in Pune. The Company's products are under an ongoing 'import alert' (with the exemption of few products) from the Food and Drug Administration of the USA ('US FDA').

The last inspection in respect of manufacturing locations in Hinjewadi was conducted by US FDA in the month of on February, 2019. Warning letter was received by the company on August 06, 2019. Management has taken the necessary corrective actions based on the audit conducted by US FDA with the last response sent on May 18, 2020.

The Company has also engaged external consultants as a part of remediation action for their Hinjewadi plant. Professional fees paid amounting to Rs. 62.99 million (March 31, 2020 - Rs. 361.69 million) to external consultant has been classified as an exceptional item.

2) Consultancy fees towards Drug pricing litigation amounting to Rs. 119.89 (March 31, 2020 Rs. 79.90 million) has been classified as exceptional item (Refer note 40).

EMCURE PHARMACEUTICALS LIMITED
Notes to the financial statements (continued)
For the year ended March 31, 2021

Rs. in million

Note 34 Tax expenses recognised in statement of profit and loss	March 31, 2021	March 31, 2020
Current tax		
Current tax on profits for the year	1,442.93	744.31
Tax related to prior years	(31.66)	(16.17)
Total current tax expense	**1,411.27**	**728.14**
Deferred tax		
Originating and reversal of temporary differences	(50.76)	(253.30)
Changes in recognised temporary differences of earlier years	9.22	19.93
Total deferred tax expense/(benefit)	**(41.54)**	**(233.37)**
Total	**1,369.73**	**494.77**

Rs. in million

Tax (expenses)/income recognised in other comprehensive income	March 31, 2021	March 31, 2020
Remeasurements of post-employment benefit obligations	(0.37)	10.93
Total	**(0.37)**	**10.93**

Rs. in million

Tax expense recognised in other equity	March 31, 2021	March 31, 2020
Foreign currency monetary item translation reserve	8.37	6.93
General Reserve	(8.88)	(9.82)
Total	**(0.51)**	**(2.89)**

Rs. in million

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:	March 31, 2021		March 31, 2020	
Profit before tax expense		**5,574.48**		**2,246.82**
Tax using the Company's domestic tax rate of 25.17% (March 31, 2020 — 34.94%)	**25.17%**	**1,402.99**	**34.94%**	**785.13**
Tax effect of amounts which are not (deductible) / taxable in calculating taxable income:				
Weighted deduction on research and development expenditure	0.00%	-	-6.02%	(135.31)
Non taxable income	-0.72%	(40.17)	-4.72%	(105.96)
Non deductible expenses	0.53%	29.39	1.59%	35.75
Tax related to prior years	-0.57%	(31.66)	-0.72%	(16.17)
Change in tax rate	0.00%	-	-5.46%	(122.66)
Changes in recognised temporary differences of earlier years	0.17%	9.22	0.89%	19.93
Other items	0.00%	(0.04)	1.52%	34.06
Effective tax rate	**24.57%**	**1,369.73**	**22.02%**	**494.77**

The Company has elected to exercise the option with regards to the tax rate mentioned under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized Provision for Income Tax for the year ended 31 March 2021 basis the rate prescribed in the said section. The impact of this change has been recognized in the statement of Profit & Loss for the year ended 31 March 2021.

Rs. in million

Note 35 Deferred tax assets/(liabilities) - net	March 31, 2021	March 31, 2020
Deferred tax assets on:		
Income statement		
Allowance for doubtful debts - trade receivables	88.59	68.89
Provision - employee benefit	107.54	97.46
Financial guarantee liability	8.06	13.15
Loans to subsidiaries	15.21	5.62
Lease Liability	153.86	132.35
Total deferred tax assets	**373.26**	**317.47**
Deferred tax liabilities on:		
Property, plant and equipment	425.73	425.30
Intangible assets	88.09	88.75
Right to use asset	139.53	124.68
Total deferred tax liabilities	**653.35**	**638.73**
Deferred tax asset/(liability) - net	**(280.09)**	**(321.26)**

Note 35: Deferred tax assets/(liabilities) - net (continued)

Rs. in million

Movement of Deferred tax assets / liabilities	Net deferred tax assets/(liabilities) as at April 1, 2020	Transferred to statement of profit and loss	Transferred to Other comprehensive income	MAT credit utilised	Net deferred tax assets/(liabilities) as at March 31, 2021
Allowance for doubtful debts - trade receivables	68.89	19.70	-	-	88.59
Provision - Employee benefit	97.46	10.45	(0.37)	-	107.54
Financial guarantee liability	13.15	(5.09)	-	-	8.06
Lease Liability	132.35	21.51	-	-	153.86
Loans to subsidiaries	5.62	9.59	-	-	15.21
Property, plant and equipment	(425.30)	(0.43)	-	-	(425.73)
Intangible assets	(88.75)	0.66	-	-	(88.09)
Right to use asset	(124.68)	(14.85)	-	-	(139.53)
Total	**(321.26)**	**41.54**	**(0.37)**	**-**	**(280.09)**

Rs. in million

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

Rs. in million

Note 36 **Income tax assets/(liabilities) (net)**	March 31, 2021	March 31, 2020
Tax assets (net of provision)	46.34	333.88
Current tax liability (net of advance tax)	(341.58)	(308.34)
Current Tax assets/(liabilities) (net)	**(295.24)**	**25.54**

Note 37 : Capital management

The Company's objectives when managing capital are to
- Safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholder's and benefits for other stakeholder's, and

- Maintain an optimal capital structure to reduce the cost of capital.

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

Generally consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:
- Net debt (total borrowings excluding transaction cost, lease liabilities, net of cash and cash equivalents and other bank balances)
divided by
- Total equity (as shown in the balance sheet).

The Company's strategy is to maintain a gearing ratio less than 1.50x. The gearing ratio at year end is as follows:

Rs. in million

Particulars	March 31, 2021	March 31, 2020
Net debt (as defined above)	13,595.39	11,588.79
Total equity	23,017.72	19,145.50
Gearing ratio	0.59	0.61

Note 38 : Financial risk management

The Company is exposed to a variety of financial risks which results from the Company's operating and investing activities. The Company's risk management is carried out by central treasury department under guidance of the board of directors and the core management team of the Company, and it focuses on actively ensuring the minimal impact of Company's financial position.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, other financial assets measured at amortised cost.	Ageing analysis credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (Rs.)	Cash flow forecasting Sensitivity analysis	Effective management of foreign exchange outflow and inflow. Borrowing in foreign currency to fulfil foreign currency obligation
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Ongoing review of existing borrowing rates and seeking for new facilities at lower rate.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other financial assets. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables.

Other financial assets that are potentially subject to credit risk consists of cash equivalents, inter corporate loans and deposits.

Further, the Company also recognises loss allowance by using a provision matrix based on historical credit loss experience wherein fixed provision rates are defined for each financial asset which is past due / not due. The Company depending on the diversity of its asset base, uses appropriate groupings if the historical credit loss experience shows significant different loss patterns for different customer segments / financial assets.

Also, the Company limits its exposure to credit risk from receivables by establishing a maximum payment period for customers.

The Company considers the recoverability from financial assets on regular intervals so that such financial assets are received within the due dates.

The Company has exposure to credit risk which is limited to carrying amount of financial assets recognised at the date of Balance sheet.

Trade receivables

Trade receivables are usually due within 7-180 days. Generally, and by practice significant domestic customers enjoy a credit period of approximately 7-45 days and for export customers, the credit period ranges from 30 to 180 days. The receivables are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure except for receivables from related parties. However, the Company does not identify specific concentration of credit risk with regard to trade receivables, as the amounts recognized represent a large number of receivables from various customers. Further, majority of the receivables pertains to receivables from Subsidiaries, wherein the concentration of credit risk is considered to be low. Certain receivables are also backed by letter of credit from the banks, resulting into negligible credit risk in recovery of such receivables.

The Company uses a provision matrix (simplified approach) to measure the expected credit loss of trade receivables and other financial assets measured at amortised cost.

Year ended March 31, 2021:
Expected credit loss for trade receivables under simplified approach

Rs. in million

Ageing	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Gross carrying amount	4,001.71	3,051.25	1,334.87	977.90	469.93	510.57	10,346.23
Expected loss rate (includes interest as well as credit loss)	-1.91%	-2.16%	-2.99%	-3.38%	-3.13%	-23.87%	-3.40%
Expected credit losses (loss allowance provision)	(76.52)	(65.85)	(39.96)	(33.08)	(14.71)	(121.86)	(351.98)
Carrying amount of trade receivables (net of loss allowance)	**3,925.19**	**2,985.40**	**1,294.91**	**944.82**	**455.22**	**388.71**	**9,994.25**

Year ended March 31, 2020:
Expected credit loss for trade receivables under simplified approach

Rs. in million

Ageing	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Gross carrying amount	3,618.19	2,453.93	880.06	393.15	1,213.26	3,098.05	11,656.64
Expected loss rate (includes interest as well as credit	-1.24%	-1.75%	-1.97%	-2.66%	-2.39%	-4.17%	-2.35%
Expected credit losses (loss allowance provision)	(44.97)	(42.87)	(17.30)	(10.44)	(29.00)	(129.13)	(273.71)
Carrying amount of trade receivables (net of loss allowance)	**3,573.22**	**2,411.06**	**862.76**	**382.71**	**1,184.26**	**2,968.92**	**11,382.93**

During the period, the Company has made write-offs of trade receivables amount to **Rs. 24.32 million** (March 31, 2020 — Rs. 14.74 million).
There are no financial assets which have been written off during the year which are subject to enforcement activity.

Note 38 : Financial risk management (continued)

Reconciliation of loss allowance provision — Trade receivables

Rs. in million

Particulars	Amount Rs.
Loss allowance on April 1, 2019	**170.12**
Amounts written off	(14.74)
Net remeasurement of loss allowances	118.33
Loss allowance on March 31, 2020	**273.71**
Amounts written off	(24.32)
Net remeasurement of loss allowances	102.59
Loss allowance on March 31, 2021	**351.98**

Cash and cash equivalents and deposits with banks:

With respect to the cash and cash equivalents and deposits with banks, the concentration of credit risk is negligible as these are kept with the reputed banks with very high credit worthiness.

Liquidity risk

Liquidity risk management implies maintaining sufficient cash and availability of funds through adequate amount of committed credit facility to meet the commitments arising out of financial liabilities. Due to the dynamic nature of the underlying business, Company maintains flexibility in funding by maintaining availability under committed credit lines. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet future requirements, monitoring balance sheet liquidity ratios against debt covenants and maintaining debt financing plans and ensuring compliance with regulatory requirements.

The Company manages its liquidity needs by carefully monitoring scheduled debt payments as well as cash requirement for day-to-day business. Liquidity needs are monitored regularly as well as on the basis of a 30-day cash flow projection. Long-term liquidity needs for a period from 180 to 360 days period are identified and reviewed at regular intervals.

The Company maintains cash and marketable securities to meet its liquidity requirements. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

Financing arrangements

The Company has access to undrawn borrowing facilities including overdraft facility at the end of the reporting period.

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice subject to the continuance of satisfactory credit ratings.

Maturities of financial liabilities

The tables below analyse the Company`s financial liabilities into relevant maturity groupings based on their contractual maturities for:
- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows of financial liabilities.

Rs. in million

Contractual maturities of financial liabilities	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	Total
March 31 2021					
Trade payable	5,742.86	-	-	-	5,742.86
Current borrowings	6,595.94	-	-	-	6,595.94
Bank term loans	2,978.17	1,964.49	4,046.43	448.82	9,437.91
Lease Liabilities	130.97	125.19	242.48	471.65	970.29
Trade deposit	-	-	91.72	-	91.72
Other financial liabilities	1,298.63	11.82	14.99	-	1,325.44
Total	**16,746.57**	**2,101.50**	**4,395.62**	**920.47**	**24,164.16**
March 31 2020					
Trade payable	4,386.24	-	-	-	4,386.24
Current borrowings	5,609.29	-	-	-	5,609.29
Bank term loans	1,759.15	1,851.52	2,687.21	-	6,297.88
Lease Liabilities	97.53	91.44	198.84	510.12	897.93
Trade deposit	-	-	89.85	-	89.85
Other financial liabilities	1,152.00	20.25	25.24	-	1,197.49
Total	**13,004.21**	**1,963.21**	**3,001.14**	**510.12**	**18,478.68**

Note 38 : Financial risk management (continued)

Market risk
Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of it's holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk
The Company operates in international markets and a significant portion of its business is transacted in different currencies and consequently the group is exposed to foreign exchange risk through its sales and services and imported purchase to/from various countries.

The Company's foreign currency exposure is mainly in USD, EURO and GBP. The Company's financial liabilities in foreign currency mainly constitutes of bank loans which are repayable over the period of 5 years and trade payables. With sufficient export receivables, the Company has positive net currency asset base as compared to liabilities. Further, the Company receives foreign currency against its exports receivables on regular basis against which the Company pays its loan and import commitments. The Company has significant amount receivable in foreign currency from it's subsidiaries which are generally collected on time. To mitigate the risk arising on account of foreign exchange fluctuation, management closely monitors the cash inflows based on review of expected future movement in foreign currencies.

The bulk of contributions to the Company’s assets, liabilities, income and expenses in foreign currency are denominated in USD, Euro, GBP, CAD, AUD and AED. Foreign currency denominated financial assets and liabilities expressed in Rs. as at the closing are as follows:

Foreign currency risk exposure:

In million

Particulars	Currency	Rs. In million		Foreign Currency	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Financial assets					
Receivables (including other receivables)	Euro	357.29	2,836.37	4.17	34.06
	USD	6,478.94	5,912.15	88.60	78.14
	GBP	304.26	658.24	3.02	7.01
	AED	11.98	8.01	0.60	0.39
	AUD	20.32	28.82	0.37	0.62
	CAD	1,428.75	776.12	24.39	14.50
Loans to subsidiaries	USD	2,832.23	436.27	38.74	5.77
	AED	111.90	214.84	5.63	10.50
	GBP	604.77	-	6.00	-
Interest receivable on loans to subsidiaries	USD	161.83	123.75	2.21	1.64
	AED	15.05	109.04	0.76	5.33
	GBP	18.97	-	0.19	-
	AUD	-	0.17	-	-
Cash and cash equivalents	USD	160.27	138.11	2.19	1.83
	EURO	0.08	0.06	-	-
	Others*	0.06	0.05	0.13	0.06
Total		**12,506.70**	**11,242.00**		
Financial liabilities					
Payables (including other payables)	Euro	33.98	81.44	0.40	0.98
	USD	918.28	781.83	12.56	10.33
	GBP	6.64	5.85	0.07	0.06
	AUD	12.31	9.49	0.22	0.20
	CAD	13.95	0.34	0.24	0.01
	JPY	-	0.79	-	1.13
	NZD	1.00	0.55	0.02	0.01
Interest Payable on loan	USD	55.69	2.29	0.77	0.03
	GBP	-	1.41	-	0.02
Loans payable	USD	4,838.48	1,285.55	66.18	16.99
	GBP	-	563.64	-	6.00
Total		**5,880.33**	**2,733.18**		

* Foreign currency of insignificant amount

Sensitivity for significant currencies to which the Company is exposed:

Rs. in million

Particulars	Impact on profit before tax	
	March 31, 2021	March 31, 2020
USD sensitivity		
USD/INR -Increase by 4% (March 31, 2020-4%)*	152.83	173.29
USD/INR -Decrease by 4% (March 31, 2020-4%)*	(152.83)	(173.29)
EURO sensitivity		
EURO/INR -Increase by 2% (March 31, 2020-2%)*	6.47	55.10
EURO/INR -Decrease by 2% (March 31, 2020-2%)*	(6.47)	(55.10)
GBP sensitivity		
GBP/INR -Increase by 8% (March 31, 2020-8%)*	73.71	6.99
GBP/INR -Decrease by 8% (March 31, 2020-8%)*	(73.71)	(6.99)
AED sensitivity		
AED/INR -Increase by 4% (March 31, 2020-4%)*	5.56	13.28
AED/INR -Decrease by 4% (March 31, 2020-4%)*	(5.56)	(13.28)

* Holding all other variables constant

Note 38 : Financial risk management (continued)

C) Market risk (continued)

Interest rate risk

The Company's main interest rate risk arises from borrowings with variable rates, which exposes the Company to interest rate risk. During March 31, 2021 and March 31, 2020, the Company's borrowings at variable rate were mainly denominated in **INR, GBP and USD.**

Interest rate risk exposure

The Company's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Company to interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

As a part of Company's interest risk management policy, treasury department closely tracks the base interest rate movements on regular basis. Based on regular review, management assesses the need to enter into interest rate swaps, contracts to hedge foreign currency risk. Management reviews the future movement in base rate against different factors such as overall micro and macro economic factors, liquidity in the system, expected spending cycle. Further on regular basis management assess the possibility of entering into new facilities which would reduce the future finance cost which helps management to mitigate the risk related to interest rate movement.

All the borrowing except vehicle loan are at floating rate. Refer note no. 16.

Sensitivity

The Company's policy is to minimize interest rate cash flow risk exposures on borrowing. The Company has exposure to foreign currency as well as local currency. The local currency loans are mainly linked to bank base rate/ marginal cost of funds based lending (MCLR) whereas foreign currency loans are majorly linked with USD libor linked rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Rs. in million

Particulars	**Impact on profit before tax**	
	March 31, 2021	**March 31, 2020**
Interest rates — increase by 25 basis points (25 bps) *	(40.02)	(29.90)
Interest rates — decrease by 25 basis points (25 bps) *	40.02	29.90

* Holding all other variables constant

The bank deposits are placed on fixed rate of interest of approximately **5.50% p.a. to 8% p.a**. As the interest rates do not vary unless such deposits are withdrawn and renewed, interest rate risk is considered to be low.

EMCURE PHARMACEUTICALS LIMITED
Notes to the financial statements (continued)
For the year ended March 31, 2021

Financial instruments and risk management

Note 39 : Fair value measurements

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

March 31, 2021 **Rs. in million**

Particulars	Carrying amounts valued at			
	FVTPL	Amortised Cost	Cost	Total
Financial assets not measured at fair value*				
Investments in Subsidiaries / others	-	-	8,637.31	8,637.31
Loans to related parties	-	2,659.70	-	2,659.70
Security deposits	-	120.82	-	120.82
Trade receivables	-	9,994.25	-	9,994.25
Interest accrued on loans to related parties	-	121.85	-	121.85
Cash and cash equivalents	-	2,455.58	-	2,455.58
Term deposits with banks	-	173.41	-	173.41
Other financial assets	-	2,080.49	-	2,080.49
Total Financial assets	**-**	**17,606.10**	**8,637.31**	**26,243.41**
Financial liabilities not measured at fair value*				
Long term borrowings (including current maturities)	-	9,437.91	-	9,437.91
Short term borrowings	-	6,595.94	-	6,595.94
Trade deposits	-	91.72	-	91.72
Financial guarantee liabilities	-	32.07	-	32.07
Other deposits	-	14.99	-	14.99
Lease Liabilities	-	611.33	-	611.33
Trade payables	-	5,742.86	-	5,742.86
Creditors for capital assets	-	198.88	-	198.88
Other Financial liability	-	1,079.50	-	1,079.50
Total financial liabilities	**-**	**23,805.20**	**-**	**23,805.20**

* The Company has not disclosed the fair value for financial instruments such as trade receivables, cash and cash equivalents, term deposits with banks, other financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value, due to their short-term nature.

March 31, 2020

Particulars	Carrying amounts valued at			
	FVTPL	Amortised Cost	Cost	Total
Financial assets not measured at fair value*				
Investments in Subsidiaries / others	-	-	4,077.09	4,077.09
Loans to related parties	-	626.13	-	626.13
Security deposits	-	106.38	-	106.38
Trade receivables	-	11,382.93	-	11,382.93
Interest accrued on loans to related parties	-	235.65	-	235.65
Cash and cash equivalents	-	296.22	-	296.22
Term deposits with banks	-	113.85	-	113.85
Other financial assets	-	587.94	-	587.94
Total Financial assets	**-**	**13,349.10**	**4,077.09**	**17,426.19**
Financial liabilities not measured at fair value*				
Long term borrowings (including current maturities)	-	6,297.88	-	6,297.88
Short term borrowings	-	5,609.29	-	5,609.29
Trade deposits	-	89.85	-	89.85
Financial guarantee liabilities	-	52.32	-	52.32
Other deposits	-	13.42	-	13.42
Lease Liabilities	-	525.87	-	525.87
Trade payables	-	4,386.24	-	4,386.24
Creditors for capital assets	-	149.08	-	149.08
Other Financial liability	-	982.67	-	982.67
Total financial liabilities	**-**	**18,106.62**	**-**	**18,106.62**

* The Company has not disclosed the fair value for financial instruments such as trade receivables, cash and cash equivalents, term deposits with banks, other financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value, due to their short-term nature.

There are no transfers between any levels during the year.

Note 40 : Contingent liabilities (to the extent not provided for)

A. Claims against the Company not acknowledged as debts as at year end

Rs. in million

Sr. No.	Particulars	March 31, 2021	March 31, 2020
a)	Sales tax	29.57	16.98
b)	Excise and Service Tax matters	21.06	0.40
c)	Other matters	-	36.62
	Total	**50.63**	**54.00**

Notes:

1) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgment/decisions pending with various forums/authorities.

2) The Company is also contesting other civil claims against the Company not acknowledged as debts and the management believes that its position will likely be upheld in the appellate process.

3) There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under the Employees' Provident Funds and Miscellaneous Provident Act, 1952. The Company has also obtained a legal opinion on the matter and basis the same there is no material impact on the financial statements as at 31 March 2021. The Company would record any further effect on its financial statements, on receiving additional clarity on the subject.

4) Further, the Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The management believes that the ultimate outcome of above proceeding will not have a material adverse effect on the Company's financial position and results of operations.

5) A Search and Seizure Operation (‘the Operation’) was conducted by the Income Tax Department during the month of December 2020 under section 132 of the Income-tax Act, 1961. The Company has till date not received any intimation or notice to file returns or any demand for taxes further to the Search and Seizure. Based on the enquiries made by the Income tax department and the Company’s submissions thereto, Management is of the view that the matters involved are normal tax matters in respect of certain tax deductions and allowances, and accordingly the Operation will not have any significant impact on the Company’s financial position and performance as at and for the year ended 31 March 2021.

B. Other legal matters

a. Eli Lilly Co. v. Emcure Pharmaceuticals USA, Inc. and Emcure Pharmaceuticals Ltd., et al. (Pemetrexed Injection)

In August 2015, Eli Lilly Company filed suit against the Company and its subsidiary Heritage Pharma Labs Inc. (erstwhile Emcure Pharmaceuticals USA, Inc.)(collectively "Emcure") alleging infringement of United States Patent No. 7,772,209 (the “‘209 patent”) in connection with its pemetrexed for injection, 500 mg/vial, product sold under the trade name ALIMTA®. In July 2016, the litigation was dismissed in favor of a consolidated inter parties review (“IPR”) filed by Sandoz with multiple generics as co-defendants before the United States Patent and Trademark Office (“US PTO”). In October 2017, the US PTO issued a ruling on the ‘209 patent that was unfavorable to the generics. Sandoz filed an appeal of the US PTO’s ruling in the IPR to the Federal Circuit.

Because Emcure declined to participate in Sandoz’s appeal of the US PTO’s ruling, in February 2018, the parties agreed to enter into an administrative closure of the litigation against Emcure in exchange for Emcure’s agreement to be bound by a Stipulated Preliminary Injunction entered against Sandoz pending the appeal to the Federal Circuit that will prevent the launch of a generic pemetrexed for injection product prior to the expiration of the ‘209 patent.

On June 4, 2019, the Federal Circuit issued a ruling on the IPR appeal that was unfavorable to the generics. The Company now expects the branded product to be protected from competition from ANDA filers until May 2022, the day after the pediatric exclusivity associated with the ‘209 patent expires. This case is settled now as the Company will not launch the product in United States before May 2022 (i.e. the expiry of ‘209 patent).

b. Celgene Corporation v. Emcure Pharmaceuticals Ltd. and Heritage Pharmaceuticals Inc. (Apremilast Tablet)

In June 2018, November 2018 and April 2019, Celgene Corporation (“Celgene”) filed suit against the Company and its subsidiary Heritage Pharmaceuticals Inc. (“Heritage”) alleging infringement of four U.S. patents: 7,427,638, 7,893,101, 9,872,854, and 10,092,541. Celgene based its infringement allegations on Emcure’s filing of an ANDA seeking approval by the FDA to sell a generic version of an apremilast product sold under the trade name OTEZLA® prior to the expiration of each of these four asserted patents. In August 2019, Amgen Inc. (Amgen) announced the purchase of OTEZLA® from Celgene and Amgen continued litigating this case against the Company and Heritage as a substituted plaintiff.

In May 2020, the case was settled and the litigation was dismissed in its entirely with no liability established against the Company. Under the confidential terms of the settlement, the Company received a license from Amgen to begin selling its generic apremilast product on a date prior to the expiration of the asserted patents.

c. Novartis Pharmaceutical Corp v. Emcure Pharmaceuticals Ltd. & Heritage Pharmaceuticals Inc. (Fingolimod Tablet)

In July 2018, Novartis Pharmaceuticals Corporation (“Novartis”) filed two separate suits against a number of defendants including the Company and its subsidiary Heritage Pharmaceuticals Inc. (together “Emcure”) alleging infringement of two U.S. patents: 9,187,405 and 10,543,179. Novartis based its infringement allegations on Emcure’s filing of an ANDA seeking approval by the FDA to sell a generic version of a tableted fingolimod product and sold under the trade name GILENYA® prior to the expiration of these two asserted patents.

In May 2020, the case was settled and the litigation was dismissed in its entirely with no liability established against the Company. Under the confidential terms of the settlement, the Company received a license from Novartis to begin selling its generic fingolimod product on a date prior to the expiration of the asserted patents.

d. AstraZeneca Vs Emcure CS (COMM)-407/2020 (Dapagliflozin Tablet)

On Sep 29, 2020, Emcure received an e-mail communication from AstraZeneca’s lawyer informing about the filing of a patent infringement suit for asserting two patents related to Dapagliflozin. The asserted patents were IN205147 and IN235625. However, during the injunction trial, Emcure informed the Court that “Emcure will not be manufacturing and/or launching its product as it has lost commercial interest in Dapagliflozin”. The matter is under appeal and is pending before Delhi High Court to decide the validity and/or infringement of the aforesaid patents.

Note 40 : Contingent liabilities (to the extent not provided for) (continued)

C. Drug Pricing Matters

Department of Justice On December 2, 2015, the Company's subsidiary Heritage Pharmaceuticals Inc (Heritage) learned that the United States Department of Justice, Antitrust Division (“DOJ”) initiated an investigation into Heritage and its employees regarding alleged violations of U.S. antitrust laws, which prohibit contracting or conspiring to restrain trade or commerce. In support of that investigation, the DOJ executed relevant search warrants at the Heritage's premises and at the residence of one of the Heritage's national accounts managers. In addition, the DOJ served grand jury subpoenas on the Heritage, and several current and former employees, which sought a variety of materials and data relevant to the Heritage’s generic drug business. The Heritage is fully cooperated with the DOJ and responded to its subpoenas.

On May 7, 2018, Heritage received a civil investigative demand from the United States Department of Justice, Civil Division (“DOJ Civil”) seeking documents and information in connection with a simultaneous investigation under the False Claims Act.

On May 31, 2019, Heritage announced that it entered into a deferred prosecution agreement (“DPA”) with the DOJ relating to a one-count Information for a conspiracy involving glyburide. In conjunction with the DPA, Heritage agreed to pay a USD 225,000 fine. In addition, Heritage also announced that it separately agreed to a settlement with DOJ Civil to resolve potential civil liability under the False Claims Act in connection with the same antitrust conduct. Under the terms of the settlement with DOJ Civil, Heritage agreed to pay USD 7.1 million. These resolutions fully resolve Heritage’s potential exposure in connection with the DOJ’s ongoing investigation into the generics pharmaceutical industry.

In addition to the above, on May 31, 2019, the Company also entered into a cooperation and non-prosecution agreement (“NPA”) with DOJ under which the Company, and its current officers, directors, and employees received non-prosecution protection in exchange for its agreement to provide cooperation into the DOJ’s investigation. This resolution fully resolves the Company and its current officers, directors, and employees from potential exposure in connection with the DOJ’s ongoing investigation into the generics pharmaceutical industry.

D. Attorneys General Litigation

On December 21, 2015, the Company's subsidiary Heritage Pharmaceuticals Inc ("Heritage") received a subpoena and interrogatories from the Connecticut Office of the Attorney General seeking information relating to the marketing, pricing and sale of certain of Heritage’s generic products (including generic doxycycline) and communications with competitors about such products. On December 14, 2016, attorneys general of twenty states filed a complaint in the United States District Court for the District of Connecticut against several generic pharmaceutical drug manufacturers and individuals, including Heritage, alleging anticompetitive conduct with respect to, among other things, doxycycline hyclate DR. On June 18, 2018, attorneys general of forty-five states, the District of Columbia and the Commonwealth of Puerto Rico filed an amended consolidated complaint against various drug manufacturers, including Heritage, Emcure and Emcure's Chief Executive Officer, Satish Mehta based on the same alleged conduct. The consolidated complaint (the "State AG Complaint") was subsequently amended to add certain attorneys general alleging violations of federal and state antitrust laws, as well as violations of various states' consumer protection laws.

The consolidated State AG Complaint alleges that Heritage engaged in anticompetitive conduct with respect to fifteen different drugs: acetazolamide; doxycycline monohydrate, doxycycline hyclate DR, fosinopril HCTZ, glipizide metformin, glyburide, glyburide metformin, leflunomide, meprobamate, nimodipine, nystatin, paromomycin, theophylline, verapamil, and zoledronic acid. The consolidated State AG Complaint also includes claims asserted by attorneys general of thirty-seven states and the Commonwealth of Puerto Rico against Heritage, Emcure, and certain individuals, including Emcure’s Chief Executive Officer, Satish Mehta, with respect to doxycycline hyclate DR. The allegations in the State AG Complaint are similar to those in the previously filed civil complaints (discussed below).

The consolidated State AG Complaint was transferred and consolidated into the ongoing multidistrict litigation captioned In re Generic Pharmaceuticals Pricing Antitrust Litigation, Case No. 16 MD 2724, which is currently pending in the United States District Court, Eastern District of Pennsylvania (the "Antitrust MDL").

The parties are engaged in initial factual discovery in the Antitrust MDL, and therefore, at this stage in the proceedings, it is not possible to estimate the likelihood or extent of the liability, if any.

E. Civil Litigation:

Beginning in 2016, Heritage, along with other manufacturers, has been named as a defendant in lawsuits generally alleging anticompetitive conduct with respect to generic drugs. The lawsuits have been filed by putative classes of direct and indirect purchasers, indirect resellers, as well as individual direct and indirect purchasers. They allege harm under federal and state antitrust laws, state consumer protection laws and unjust enrichment claims. Some of the lawsuits also name Heritage and company's Chief Executive Officer, Satish Mehta, as defendants and include allegations against them with respect to doxycycline hyclate DR. The lawsuits have been consolidated in the Antitrust MDL (referenced above).

A number of other lawsuits have been separately filed against Heritage, and various other manufacturers, by individual plaintiffs who have elected to opt-out of the putative classes. These complaints also generally allege anticompetitive conduct with respect to generic drugs which allegedly caused harm under federal and state antitrust laws, state consumer protection laws and unjust enrichment claims. These lawsuits have also been consolidated in the pending Antitrust MDL.

The parties are engaged in initial factual discovery in the Antitrust MDL, and therefore, at this stage in the proceedings, it is not possible to estimate the likelihood or extent potential liability, if any.

F. Other Litigation Matters Filed Against Heritage

Ranitidine Litigation

In June 2020, the Company's subsidiary Heritage Pharmaceuticals Inc (Heritage) received notice that three Master Consolidated Complaints – the Master Personal Injury Complaint (“MPIC”), the Consolidated Consumer Class Action Complaint (“CCCAC”), and the Consolidated Third Party Payor Class Complaint (“CTPPCC”) – and five individually-filed purported class actions have been filed against a number of defendants, including Heritage, Heritage Labs, and Emcure, alleging personal injuries in connection with alleged elevated levels of NDMA contained in a ranitidine product that may have been manufactured by a third-party manufacturer and allegedly sold by Heritage. Each case has been consolidated into the ongoing multidistrict litigation captioned In re: Zantac (Ranitidine) Products Liability Litigation, MDL No. 2924, Case No. 20 MD 294, in the United States District Court, Southern District of Florida. Heritage Labs and Emcure have been dismissed by the Court from this litigation without prejudice, leaving Heritage as the single remaining defendant.

Note 40 : Contingent liabilities (to the extent not provided for) (continued)

F. Other Litigation Matters Filed Against Heritage (continued)

Ranitidine Litigation (continued)

In late 2020, the generic manufacturer defendants (including Heritage) filed several motions to dismiss each Master Consolidated Complaint on a number of legal theories, including federal preemption and on the basis that the Complaints were improperly pled as shotgun pleadings. In January 2021, the District Court issued a number of decisions that were favorable to the generic manufacturer defendants (including Heritage), including a dismissal with prejudice of all claims against the generic manufacturer defendants under each of the three Master Consolidated Complaints as preempted under federal law. In February 2021, Plaintiffs appealed the District Court's decision to the Circuit Court and that appeal remains pending.

In addition, the District Court further found that the MPIC, CCCAC, and CTPPCC were each improperly pled as shotgun pleadings, and each Master Consolidated Complaint was dismissed without prejudice. In February 2021, Plaintiffs appealed the decision to dismiss the MPIC as an improperly pled shotgun pleading and that appeal remains pending before the Circuit Court. Also in February 2021, Plaintiffs filed an amended CCCAC, and an amended CTPPCC, however, Heritage is no longer a named defendant in either of those complaints.

Heritage denies any liability and fully intends to defend these claims. In addition, Heritage asserted a claim for indemnification, and tendered its defense, in each of the ranitidine lawsuits to the third-party manufacturer. The third-party manufacturer accepted the indemnity and defense tender under a reservation of rights, and in March 2021, the third-party manufacturer assigned legal counsel to defend Heritage against these claims. At this stage in the proceedings, it is not possible to estimate the likelihood or extent of potential liability, if any.

J. General

From time to time, the Company is subject to various disputes, governmental and/or regulatory inquiries or investigations, and litigations, some of which result in losses, damages, fines and charges against the Company. While the Company intends to vigorously defend its position in the claims asserted against it, the ultimate resolution of a matter is often complex, time consuming, and difficult to predict. Therefore, except as described below, the Company does not currently have a reasonable basis to estimate the loss, or range of loss, that is reasonably possible with respect to matters disclosed in this note.

The Company records a provision in its financial statements to the extent that it concludes that a contingent liability is probable and the amount is estimable and has noted those contingencies below. The Company's assessments involve complex judgments about future events and often rely heavily on estimates and assumptions. The Company also incurs significant legal fees and related expenses in the course of defending its positions even if the facts and circumstances of a particular litigation do not give rise to a provision in the financial statements.

Note 41 : Capital and other commitments (to the extent not provided for)

A) Capital commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 404.56 million (March 31, 2019: Rs. Rs. 469.46 million).

B) Other commitments

The Company has a 100 per cent Export Oriented Unit (EOU) set up under the permission granted by the Office of the Development Commissioner of SEEPZ Special Economic Zone of the Government of India. The authorities have, inter alia, laid down the following conditions, failing which the Company may be liable for penal action:

i. The entire (100%) production shall be exported against hard currency except the sales in domestic tariff area admissible as per entitlement.
ii. The Export Oriented Unit of the Company shall be a positive net foreign exchange earner over a period of six years from the date of commencement of production.

As at the year end, the Company is in compliance with the condition laid down by the authorities and does not expect any non-compliance in future.

C) Financial guarantees given

The Company has given corporate guarantees to the following:

Particulars	Currency	March 31, 2021		March 31, 2020	
		FC. In million	Rs. In million	FC. In million	Rs. In million
Bankers for Gennova Biopharmaceuticals Ltd. In respect of loans	INR	-	140.00	-	198.94
Bankers for Heritage Pharma Holdings Inc. in respect of loans	USD	75.00	5,482.87	100.44	7,599.10
Bankers for Marcan Pharmaceuticals Inc. in respect of loans	CAD	30.05	1,749.51	38.74	2,073.42
Erstwhile Shareholders of Marcan Pharmaceuticals Inc.	CAD	48.00	2,794.17	68.80	3,681.90
Bankers in respect of loan sanctioned to Emcure Pharma UK Ltd.	GBP	-	-	6.00	563.84
Bankers for Emcure Pharmaceuticals Mena FZ LLC. in respect of loans	AED	8.00	158.94	8.00	163.69
Bankers for Tillomed Laboratories Limited. in respect of loans	GBP	6.60	665.24	-	-

All the above financial guarantees have been accounted as per the provisions of Ind AS 109 - financial instruments.

Note 42 : Earnings per share

Particulars	March 31, 2021	March 31, 2020
Basic earnings per share		
A. Profit after tax attributable to equity shareholders (Rs. million)	4,204.75	1,752.05
B. Weighted average number of equity shares for the year	18,08,52,116	18,08,52,116
Basic earnings per share (Rs.) (A/B)	**23.25**	**9.69**
Diluted earnings per share		
C. Adjusted net profit for the year (Rs. million) (refer note below)	4,204.75	1,752.05
Weighted average number of equity shares for the year	18,08,52,116	18,08,52,116
Add: Effect of employee stock options*	-	-
D. Weighted average number of equity share (diluted) for the year	18,08,52,116	18,08,52,116
Diluted earning per share (Rs.) (C/D)	**23.25**	**9.69**
Face value per share (Rs.)	**10.00**	**10.00**

-

Note: Reconciliations of earnings used for calculating diluted earnings per share

Rs. in million

Particulars	March 31, 2021	March 31, 2020
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share:	4,204.75	1,752.05
Add: Employee share-based payment (net of tax)*	-	-
Profit attributable to the equity holders of the company used for calculating diluted earnings per share	**4,204.75**	**1,752.05**

* The effect of conversion of potential equity share for the year ended March 31, 2021 is excluded, since the impact on earnings per share is anti dilutive.

Note 43 - Related Party Disclosure

Related parties with whom there were transactions during the year and nature of relationship

Subsidiaries:
Zuventus Healthcare Limited
Gennova Biopharmaceuticals Limited
Emcure Brasil Farmaceutica Ltda.
Emcure Nigeria Limited
Emcure Pharmaceuticals Mena FZ-LLC.
Emcure Pharmaceuticals South Africa (Pty) Ltd
Heritage Pharma Holdings Inc. (doing business as Avet Pharmaceuticals Holdings Inc.)
Emcure Pharma UK Ltd.
Emcure Pharma Mexico S.A. DE C.V.
Emcure Pharma Peru S.A.C.
Marcan Pharmaceuticals Inc.
Emcure Pharmaceuticals Pty Ltd.
Avet Lifesciences Limited (From August 26, 2020)
Emcure Pharma Chile SpA (From October 2, 2020)
Lazor Pharmaceuticals Limited (From February 4, 2021)

Step-down subsidiaries:
Heritage Pharmaceuticals Inc. (doing business as Avet Pharmaceuticals Inc.) (Subsidiary of Heritage Pharma Holdings Inc.)
Heritage Pharma Labs Inc. (doing business as Avet Pharmaceuticals Labs Inc.) (Subsidiary of Heritage Pharma Holdings Inc.)
Tillomed Holdings Limited (Subsidiary of Emcure Pharma UK Ltd) (Dissolved w. e. f. April 16, 2019)
Hacco Pharma Inc. (Subsidiary of Heritage Pharma Holdings Inc.)(From March 6, 2019)
Tillomed Laboratories Limited (Subsidiary of Tillomed Holdings Limited)
Tillomed Pharma GmbH, Germany (Subsidiary of Emcure Pharma UK Ltd.)
Laboratorios Tillomed Spain S.L.U. (Subsidiary of Emcure Pharma UK Ltd.)
Tillomed France SAS (Subsidiary of Emcure Pharma UK Ltd.)
Tillomed Italia S.R.L, Italy (Subsidiary of Emcure Pharma UK Ltd.)
Emcure NZ Limited (Subsidiary of Emcure Pharmaceuticals Pty Ltd.)
Tillomed Laboratories BV (Subsidiary of Emcure Pharma UK Ltd.) (From April 24, 2019)

Key Management Personnel: Whole Time Directors
Mr. Satish Mehta (Managing Director)
Dr. Mukund Gurjar (Executive Director)
Mr. Sunil Mehta (Executive Director)
Mrs. Namita Thapar (Executive Director) (Chief Finance Officer upto April 15, 2021)

Key Management Personnel: Other than Whole Time Directors
Mr. S.K. Bapat (Independent Director)
Mr. Humayun Dhanrajgir (Chairman and Independent Director upto April 15, 2021)
Mr. Berjis Desai (Chairman and Independent Director) (Appointed as Chairman w.e.f. April 16, 2021)
Mr. Samonnoi Banerjee (Nominee of BC Investment IV Ltd) (Director)
Mr. P. S. Jayakumar (Independent Director w.e.f. July 22, 2020)
Mr. Tajuddin Shaikh (Chief Finance Officer w.e.f. April 16, 2021)
Dr. Vidya Rajiv Yeravdekar (Independent Director w.e.f. April 16, 2021)
Dr. Shailesh Kripalu Ayyangar (Non Executive Director w.e.f. April 16, 2021)
Mr. Vijay Keshav Gokhale (Independent Director w.e.f. April 16, 2021)

Key Management Personnel: Relatives
Mr. Sanjay Mehta
Mr. Vikas Thapar
Mr. Samit Mehta
Mr. Rutav Mehta
Mrs. Bhavana Mehta

Enterprise over which Key Management Personnel have control:
H.M. Sales Corporation
Uth Beverages Factory Pvt. Ltd.

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
				March 31, 2021		March 31, 2020	
		Year ended March 31, 2021	Year ended March 31, 2020	Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
1)	**Purchase of goods & services**						
	Zuventus Healthcare Limited	89.62	46.54	-	1.15	-	-
	Gennova Biopharmaceuticals Limited	81.29	97.19	-	15.16	-	8.87
		170.91	**143.73**	**-**	**16.31**	**-**	**8.87**
2)	**Sale of assets**						
	Zuventus Healthcare Limited	13.59	-	-	-	-	-
	Gennova Biopharmaceuticals Limited	-	0.11	(152.14)	-	-	-
	Uth Beverages Factory Pvt. Ltd.	0.11	-	0.13	-	-	-
		13.70	**0.11**	**(152.01)**	**-**	**-**	**-**
3)	**Purchase of assets**						
	Gennova Biopharmaceuticals Limited	0.04	0.01	-	-	-	-
	Tillomed Laboratories Limited	-	-	-	-	-	4.93
		0.04	**0.01**	**-**	**-**	**-**	**4.93**

Note 43 - Related Party Disclosure

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
				March 31, 2021		March 31, 2020	
		Year ended March 31, 2021	Year ended March 31, 2020	Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
4)	**Sale /(Return) of goods and services**						
	Zuventus Healthcare Limited	429.39	182.47	6.56	-	15.63	-
	Gennova Biopharmaceuticals Limited	230.62	242.62	2.85	-	-	-
	Heritage Pharma Labs Inc.	67.37	164.74	110.11	-	208.93	-
	Emcure Pharmaceuticals Mena FZ-LLC.	386.00	263.71	99.80	-	215.31	-
	Heritage Pharmaceuticals Inc.	776.90	2,162.66	1,629.68	-	2,890.50	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	1,052.47	208.15	818.16	-	100.97	-
	Emcure Pharma UK Ltd.	(92.02)	(29.58)	230.23	-	1,869.56	-
	Emcure Pharma Peru S.A.C.	3,320.68	25.76	1,708.27	-	111.13	-
	Tillomed Laboratories Limited	2,734.36	1,894.98	-	-	1,329.35	-
	Tillomed Pharma GmbH	-	-	-	-	105.42	-
	Tillomed Italia S.R.L	14.53	-	14.65	-	16.59	-
	Marcan Pharmaceuticals Inc.	1,342.05	925.94	1,366.15	-	680.70	-
	H.M. Sales Corporation	(5.07)	8.91	3.97	-	10.02	-
	Hacco Pharma Inc.	256.74	-	88.70	-	-	-
		10,514.02	**6,050.36**	**6,079.13**	**-**	**7,554.11**	**-**
5)	**Advance received for goods and services**						
	Tillomed Laboratories Limited	-	-	(6.01)	-	-	-
	Marcan Pharmaceuticals Inc.	-	-	(27.96)	-	-	-
		-	**-**	**(33.97)**	**-**	**-**	**-**
6)	**Purchase of shares of subsidiary**						
	Marcan Pharmaceuticals Inc.	651.57	-	-	-	-	-
	Heritage Pharma Holdings Inc.	1,486.31	375.42	-	-	-	-
	Emcure Pharma UK Ltd.	2,022.72	598.37	-	-	-	-
	Emcure Pharma Peru S.A.C.	41.05	-	-	-	-	-
	Avet Lifesciences Limited	0.10	-	-	-	-	-
	Emcure Pharma Chile SpA	3.66	-	-	-	-	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	178.76	-	-	-	-	-
	Emcure Pharmaceuticals Mena FZ-LLC.	321.11	-	-	-	-	-
		4,705.28	**973.79**	**-**	**-**	**-**	**-**
7)	**Equity contribution in the nature of employee stock options issued to employees of subsidiary / (cancellation of employee stock options issued)**						
	Heritage Pharma Holdings Inc.	(25.26)	25.27	-	-	-	-
	Zuventus Healthcare Limited	(2.45)	-	-	-	-	-
	Gennova Biopharmaceuticals Limited	0.73	2.35	-	-	-	-
	Marcan Pharmaceuticals Inc.	0.42	0.93	-	-	-	-
	Heritage Pharma Labs Inc.	(7.83)	1.44	-	-	-	-
	Heritage Pharmaceuticals Inc.	(117.68)	82.93	-	-	-	-
	Tillomed Laboratories Limited	7.01	3.78	-	-	-	-
		(145.06)	**116.70**	**-**	**-**	**-**	**-**
8)	**Loans and advances given / (repaid) #**						
	Emcure Nigeria Limited	-	-	33.81	-	57.93	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	(133.90)	-	-	-	131.44	-
	Emcure Pharmaceuticals Mena FZ-LLC.	(96.75)	-	119.85	-	214.84	-
	Emcure Brasil Farmaceutica Ltda.	-	-	81.15	-	104.76	-
	Emcure Pharmaceuticals Pty Ltd.	-	(10.99)	-	-	-	-
	Emcure Pharma Mexico S.A. DE C.V.	-	-	57.70	-	68.59	-
	Emcure Pharma Peru S.A.C.	60.06	3.17	105.42	-	48.57	-
	Heritage Pharma Holdings Inc.	2,509.05	-	2,485.74	-	-	-
	Emcure Pharma UK Ltd.	560.19	-	604.77	-	-	-
	Avet Lifesciences Limited	1.30	-	1.30	-	-	-
		2,899.95	**(7.82)**	**3,489.74**	**-**	**626.13**	**-**
9)	**Interest income**						
	Emcure Nigeria Limited	3.81	3.74	32.02	-	28.89	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	3.11	8.11	28.56	-	42.12	-
	Emcure Pharmaceuticals Mena FZ-LLC.	18.93	19.56	15.05	-	109.15	-
	Emcure Brasil Farmaceutica Ltda.	8.00	7.86	43.09	-	36.58	-
	Emcure Pharmaceuticals Pty Ltd.	-	0.59	-	-	0.11	-
	Emcure Pharma Peru S.A.C.	6.35	4.05	13.19	-	7.44	-
	Emcure Pharma Mexico S.A. DE C.V.	6.82	6.72	16.04	-	11.36	-
	Emcure Pharma UK Ltd.	22.10	-	18.97	-	-	-
	Heritage Pharma Holdings Inc.	36.27	-	30.68	-	-	-
	Avet Lifesciences Limited	0.02	-	0.02	-	-	-
		105.41	**50.63**	**197.62**	**-**	**235.65**	**-**
10)	**Net gain/(loss) on loans given to subsidiaries measured at amortised cost**						
	Emcure Brasil Farmaceutica Ltda.	(21.22)	5.19	-	-	-	-
	Emcure Nigeria Limited	(22.17)	1.99	-	-	-	-
	Emcure Pharma Mexico S.A. DE C.V.	(9.22)	8.49	-	-	-	-
	Emcure Pharma Peru S.A.C.	-	0.65	-	-	-	-
	Emcure Pharmaceuticals Mena FZ-LLC.	7.85	(2.82)	-	-	-	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	6.63	4.76	-	-	-	-
	Emcure Pharmaceuticals Pty Ltd.	-	0.77	-	-	-	-
		(38.13)	**19.03**	**-**	**-**	**-**	**-**
11)	**Interest expense**						
	H.M. Sales Corporation	0.75	0.75	-	0.17	-	0.17
		0.75	**0.75**	**-**	**0.17**	**-**	**0.17**

Note 43 - Related Party Disclosure

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
				March 31, 2021		March 31, 2020	
		Year ended March 31, 2021	Year ended March 31, 2020	Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
12)	**Sale of Steam (classified under other income)**						
	Gennova Biopharmaceuticals Limited	18.69	19.48	1.00	-	1.15	-
		18.69	**19.48**	**1.00**	**-**	**1.15**	**-**
13)	**Deposits accepted**						
	H.M. Sales Corporation	-	-	-	10.00	-	10.00
	Zuventus Healthcare Limited	-	-	-	1.00	-	0.85
	Gennova Biopharmaceuticals Limited	-	-	-	13.27	-	11.85
		-	**-**	**-**	**24.27**	**-**	**22.70**
14)	**Amortisation of deferred rent receivable**						
	Gennova Biopharmaceuticals Limited	1.12	2.10	-	1.21	-	2.33
	Zuventus Healthcare Limited	0.17	0.09	-	-	-	0.12
		1.29	**2.19**	**-**	**1.21**	**-**	**2.45**
15)	**Unwinding of discount on rent deposit**						
	Gennova Biopharmaceuticals Limited	1.42	1.27	-	-	-	-
	Zuventus Healthcare Limited	0.15	0.09	-	-	-	-
		1.57	**1.36**	**-**	**-**	**-**	**-**
16)	**Commission expenses**						
	H.M. Sales Corporation	29.34	25.82	-	9.04	-	6.96
		29.34	**25.82**	**-**	**9.04**	**-**	**6.96**
17)	**Reimbursement of expenses made**						
	Heritage Pharma Labs Inc.	1.80	22.44	-	1.83	-	11.24
	Uth Beverages Factory Pvt. Ltd.	-	0.50	-	-	-	-
	Heritage Pharmaceuticals Inc.	100.25	188.38	-	98.83	-	188.38
	Marcan Pharmaceuticals Inc.	11.96	4.21	-	13.95	-	2.28
		114.01	**215.53**	**-**	**114.61**	**-**	**201.90**
18)	**Reimbursement of expenses received**						
	Heritage Pharma Labs Inc.	68.42	69.62	167.56	-	96.94	-
	Tillomed Italia S.R.L	11.39	4.58	7.98	-	5.91	-
	Tillomed Pharma GmbH	18.57	4.27	4.58	-	7.31	-
	Emcure Pharmaceuticals Mena FZ-LLC.	2.60	0.27	7.51	-	5.13	-
	Heritage Pharma Holdings Inc.	92.75	88.93	188.34	-	107.15	-
	Emcure Pharma UK Ltd.	-	0.42	-	-	-	-
	Heritage Pharmaceuticals Inc.	39.79	27.47	40.02	-	0.03	-
	Tillomed Laboratories Limited	93.59	24.71	272.31	-	139.36	-
	Laboratorios Tillomed Spain S.L.U.	11.70	5.11	7.08	-	4.26	-
	Tillomed France SAS	3.37	1.48	1.67	-	0.90	-
	Marcan Pharmaceuticals Inc.	12.84	4.74	18.05	-	5.58	-
	Avet Lifesciences Limited	0.52	-	-	-	-	-
	Emcure Pharma Chile SpA	0.63	-	0.63	-	-	-
		356.17	**231.60**	**715.73**	**-**	**372.57**	**-**
19)	**Dividend received**						
	Zuventus Healthcare Limited	159.60	303.24	-	-	-	-
		159.60	**303.24**	**-**	**-**	**-**	**-**
20)	**Rent income**						
	Zuventus Healthcare Limited	9.35	8.99	-	-	-	-
	Gennova Biopharmaceuticals Limited	33.26	32.41	-	-	-	-
		42.61	**41.40**	**-**	**-**	**-**	**-**
21)	**Remuneration paid**						
	Key Management Personnel: Whole Time Directors						
	Mr. Satish Mehta	209.82	160.05	-	62.54	-	29.66
	Dr. Mukund Gurjar	42.93	40.79	-	9.51	-	9.39
	Mr. Sunil Mehta	22.85	21.01	-	2.81	-	6.93
	Mrs. Namita Thapar	30.06	23.70	-	3.55	-	5.10
		305.66	**245.55**	**-**	**78.41**	**-**	**51.08**
22)	**Remuneration paid**						
	Key Management Personnel: Relatives						
	Mr. Samit Mehta	29.03	22.04	-	3.58	-	5.43
	Mr. Vikas Thapar	30.37	24.95	-	3.53	-	5.18
	Mr. Rutav Mehta	-	1.50	-	-	-	0.15
	Mr. Sanjay Mehta	23.37	20.97	-	2.87	-	7.25
		82.77	**69.46**	**-**	**9.98**	**-**	**18.01**
23)	**Post-employment obligations**						
	Key Management Personnel: Whole Time Directors						
	Mr. Sunil Mehta	7.90	1.34	-	-	-	10.36
	Mrs. Namita Thapar	4.11	1.25	-	10.07	-	5.96
		12.01	**2.59**	**-**	**10.07**	**-**	**16.32**
24)	**Post-employment obligations**						
	Key Management Personnel: Relatives						
	Mr. Samit Mehta	5.96	1.33	-	12.41	-	6.45
	Mr. Vikas Thapar	3.60	0.80	-	10.01	-	6.41
	Mr. Rutav Mehta	-	0.05	-	-	-	0.15
	Mr. Sanjay Mehta	6.49	1.58	-	16.08	-	9.59
		16.05	**3.76**	**-**	**38.50**	**-**	**22.60**

Note 43 - Related Party Disclosure

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
				March 31, 2021		March 31, 2020	
		Year ended March 31, 2021	Year ended March 31, 2020	Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
25)	**Compensated absences**						
	Key Management Personnel: Whole Time Directors						
	Mr. Satish Mehta	1.12	1.77	-	16.98	-	15.86
	Dr. Mukund Gurjar	0.36	0.02	-	3.96	-	3.61
	Mr. Sunil Mehta	1.18	0.08	-	2.64	-	1.46
	Mrs. Namita Thapar	1.51	0.37	-	4.09	-	2.58
		4.17	**2.24**	**-**	**27.67**	**-**	**23.51**
26)	**Compensated absences**						
	Key Management Personnel: Relatives						
	Mr. Samit Mehta	1.84	0.34	-	4.08	-	2.24
	Mr. Vikas Thapar	1.30	0.13	-	4.04	-	2.75
	Mr. Rutav Mehta	-	-	-	-	-	0.02
	Mr. Sanjay Mehta	0.94	0.19	-	2.60	-	1.66
		4.08	**0.66**	**-**	**10.72**	**-**	**6.67**
27)	**Employee share based payments**						
	Key Management Personnel: Relatives						
	Mr. Vikas Thapar	4.13	6.32	-	36.15	-	32.02
		4.13	**6.32**	**-**	**36.15**	**-**	**32.02**
28)	**Dividend paid**						
	Key Management Personnel: Whole Time Directors						
	Mr. Satish Mehta	75.75	189.37	-	-	-	-
	Dr. Mukund Gurjar	0.30	0.74	-	-	-	-
	Mr. Sunil Mehta	11.09	27.71	-	-	-	-
	Mrs. Namita Thapar	6.34	15.85	-	-	-	-
		93.48	**233.67**	**-**	**-**	**-**	**-**
29)	**Dividend paid**						
	Key Management Personnel: Relatives						
	Mr. Samit Mehta	13.55	33.87	-	-	-	-
	Mr. Vikas Thapar	0.38	0.94	-	-	-	-
	Mr. Sanjay Mehta	15.76	39.41	-	-	-	-
	Mrs. Bhavana Mehta	9.26	23.14	-	-	-	-
	Mr. Rutav Mehta	1.10	11.45	-	-	-	-
		40.05	**108.81**	**-**	**-**	**-**	**-**
30)	**Commission - Other than Whole Time Directors**						
	Mr. S.K. Bapat	2.50	2.40	-	2.50	-	2.40
	Mr. Humayun Dhanrajgir	2.00	2.00	-	2.00	-	2.00
	Mr. Berjis Desai	3.50	2.50	-	3.50	-	2.50
	Mr. P. S. Jayakumar	2.40	-	-	2.40	-	-
		10.40	**6.90**	**-**	**10.40**	**-**	**6.90**
31)	**Sitting fees - Other than Whole Time Directors**						
	Mr. S.K. Bapat	0.34	0.34	-	-	-	-
	Mr. Humayun Dhanrajgir	0.28	0.06	-	-	-	-
	Mr. Berjis Desai	0.28	0.28	-	-	-	-
	Mr. Samonnoi Banerjee	0.16	0.16	-	-	-	-
	Mr. P. S. Jayakumar	0.10	-	-	-	-	-
		1.16	**0.84**	**-**	**-**	**-**	**-**
32)	**Rent expense**						
	Key Management Personnel: Whole Time Directors						
	Mr. Sunil Mehta	0.33	0.33	-	-	-	-
		0.33	**0.33**	**-**	**-**	**-**	**-**
33)	**Rent expense**						
	Key Management Personnel: Relatives						
	Mr. Sanjay Mehta	0.33	0.33	-	-	-	-
	Mrs. Bhavana Mehta	0.24	0.24	-	-	-	-
		0.57	**0.57**	**-**	**-**	**-**	**-**
34)	**Amortisation of financial guarantee liability**						
	Marcan Pharmaceuticals Inc.	20.25	20.31	-	32.07	-	52.25
		20.25	**20.31**	**-**	**32.07**	**-**	**52.25**
35)	**Financial guarantee fees charged**						
	Gennova Biopharmaceuticals Limited	1.70	2.25	-	-	-	-
	Heritage Pharma Holdings Inc.	69.07	75.05	201.35	-	132.28	-
	Emcure Pharma UK Ltd.	0.94	5.64	7.06	-	5.64	-
	Marcan Pharmaceuticals Inc.	4.48	3.57	9.12	-	4.08	-
	Emcure Pharmaceuticals Mena FZ-LLC.	1.58	1.64	6.11	-	4.32	-
	Tillomed Laboratories Limited	4.84	-	4.99	-	-	-
		82.61	**88.15**	**228.63**	**-**	**146.32**	**-**
36)	**Redemption of Preference Shares**						
	Gennova Biopharmaceuticals Limited	-	100.00	-	-	-	-
		-	**100.00**	**-**	**-**	**-**	**-**
37)	**Net changes in fair value of preference shares**						
	Gennova Biopharmaceuticals Limited	-	19.09	-	-	-	-
		-	**19.09**	**-**	**-**	**-**	**-**

Note 43 - Related Party Disclosure

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
				March 31, 2021		March 31, 2020	
		Year ended March 31, 2021	Year ended March 31, 2020	Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
38)	**Royalty expense**						
	Uth Beverages Factory Pvt. Ltd.	1.15	1.71	-	0.27	-	0.73
		1.15	**1.71**	**-**	**0.27**	**-**	**0.73**
39)	**Marketing Support Fees (classified under Advertisement & Promotional Material)**						
	Emcure Pharmaceuticals Mena FZ-LLC.	24.80	11.59	-	9.62	-	59.05
	Emcure Nigeria Limited	4.94	3.66	-	3.46	-	3.79
	Emcure Pharma Peru S.A.C.	-	38.19	-	-	-	35.09
	Emcure Pharma Mexico S.A. DE C.V.	20.42	16.71	-	7.27	-	7.64
	Emcure Brasil Farmaceutica Ltda.	17.30	43.27	-	13.80	-	14.14
	Emcure Pharmaceuticals Pty Ltd.	14.21	32.18	-	12.31	-	15.25
	Heritage Pharmaceuticals Inc.	-	-	-	-	-	-
	Emcure NZ Limited	3.13	62.85	-	1.00	-	0.50
	Emcure Pharma Chile SpA	2.42	-	-	2.47	-	-
		87.22	**208.45**	**-**	**49.93**	**-**	**135.46**
40)	**Corporate Overhead Cross Charge (Income) (classified under other income)**						
	Heritage Pharmaceuticals Inc.	73.52	-	71.54	-	-	-
	Marcan Pharmaceuticals Inc.	37.47	-	35.42	-	-	-
	Tillomed Laboratories Limited	61.28	-	42.24	-	-	-
		172.27	**-**	**149.20**	**-**	**-**	**-**
41)	**Corporate Overhead Cross Charge (Expense)**						
	Heritage Pharmaceuticals Inc.	73.59	-	-	17.63	-	-
	Hacco Pharma Inc.	69.20	-	-	69.20	-	-
		142.79	**-**	**-**	**86.83**	**-**	**-**
42)	**Financial guarantee fees paid (classified under other borrowing costs)**						
	Zuventus Healthcare Limited	4.06	-	-	-	-	-
		4.06	**-**	**-**	**-**	**-**	**-**
43)	**Accrued interest balance written-off (classified under other borrowing costs)**						
	Emcure Pharmaceuticals South Africa (Pty) Ltd	16.68	-	-	-	-	-
		16.68	**-**	**-**	**-**	**-**	**-**

* The amounts are below the rounding off norm adopted by the Company.
# Loans and Guarantees are given for the general business purposes of related parties.

The loans given to subsidiaries and interest thereon are measured at amortised cost. The difference between the carrying amount and actual amount is accounted as net gain / loss under other income / finance cost, as the case may be. Below are the details of actual amount of loan and interest receivable from subsidiaries:

Rs. in million

Particulars	Tenure of loan and interest	Rate of Interest p.a.	Loans		Interest accrued on loans	
			March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Emcure Nigeria Limited	45 months	6% - 8.3%	57.04	59.03	32.02	28.86
Emcure Pharmaceuticals South Africa (Pty) Ltd	45 months	3.4% - 9.5%	-	138.23	28.56	41.89
Emcure Pharmaceuticals Mena FZ-LLC.	48 months	8.3% - 9.5%	111.90	214.84	15.05	123.79
Emcure Brasil Farmaceutica Ltda.	45 months	5.4% - 9.22%	107.84	111.60	43.09	35.21
Emcure Pharma Mexico S.A. DE C.V.	45 months	8.3% - 9.22%	76.18	78.84	16.04	10.37
Emcure Pharma Peru S.A.C.	60 months	5.11% - 9.5%	105.42	48.57	13.19	7.44
Emcure Pharmaceuticals Pty Ltd.	60 months	8.46%	-	-	-	0.17
Heritage Pharma Holdings Inc.	36 months	4.37% - 5.03%	2,485.74	-	30.68	-
Avet Lifesciences Limited	60 months	8.50%	1.30	-	0.02	-
Emcure Pharma UK Ltd.	24 months	4.31%	604.77	-	18.97	-
Total			**3,550.19**	**651.11**	**197.62**	**247.73**

Also refer note no. 47 for the details of the collateral security and note no. 41(c) for the details of financial guarantee given by the Company against the loans obtained by the subsidiaries.

All transactions with the related parties are priced on an arm's length basis.

Note 44 : Assets and liabilities relating to employee benefits

a) Defined contribution plans

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per local regulations. The contributions are made to provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation.

Contributions are made to employees family pension fund in India for employees as per local regulations. The contributions are made to provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation.

Defined Contribution Plans: The expense recognised during the year towards defined contribution plan is

Rs. in million

Particulars	**Year ended**	
	March 31, 2021	**March 31, 2020**
Contribution to Employees Provident Fund	152.44	147.84
Contribution to Employees Family Pension Fund	85.61	89.25
Other defined contribution plan	31.85	30.44
Total	**269.90**	**267.53**

b) Post-employment obligations

Gratuity

The Company has a defined benefit gratuity plan for employees governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to fund managed by Life Insurance Corporation of India. Contributions are made as per the demands by LIC of India.

These defined benefit plans expose the Company to actuarial risks, such as interest rate risk, etc.

c) Defined benefit plans

The amounts recognised in the balance sheet, profit or loss, other comprehensive income and the movements in the net defined benefit obligation are as follows:

Rs. in million

Particulars	**Present value of obligation**	**Fair value of plan assets**	**Total**
As at April 1, 2019	**424.84**	**(352.70)**	**72.14**
Current service cost	75.05	-	75.05
Interest expenses/(income)	27.48	(26.43)	1.05
Mortality charges and taxes	-	3.44	3.44
Total amount recognised in profit and loss	**102.53**	**(22.99)**	**79.54**
Remeasurement of:			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	(2.24)	(2.24)
- Defined benefit obligations	33.51	-	33.51
Total amount recognised in other comprehensive income	**33.51**	**(2.24)**	**31.27**
Employer contribution	-	(114.01)	(114.01)
Benefit payments	(64.07)	64.07	-
As at March 31, 2020	**496.81**	**(427.87)**	**68.94**
Current service cost	95.72	-	95.72
Interest expenses/(income)	26.44	(24.88)	1.56
Mortality charges and taxes	-	4.61	4.61
Total amount recognised in profit and loss	**122.16**	**(20.27)**	**101.89**
Remeasurement of:			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	(6.97)	(6.97)
- Defined benefit obligations	5.50	-	5.50
Total amount recognised in other comprehensive income	**5.50**	**(6.97)**	**(1.47)**
Employer contribution	-	(75.90)	(75.90)
Benefit payments	(66.01)	47.75	(18.26)
As at March 31, 2021	**558.46**	**(483.26)**	**75.20**

Note 44 : Assets and liabilities relating to employee benefits (continued)

d) The net liability disclosed above relates to funded and unfunded plans are as follows:

Rs. in million

Particulars	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Present value of obligation	558.46	496.81
Fair value of plan assets	(483.26)	(427.87)
Deficit of funded plan	**75.20**	**68.94**

The Company has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Company intends to continue to contribute the defined benefit plans as per the demand from LIC of India.

Principal actuarial assumptions as at the reporting date:

Post-employment benefits (Gratuity) - The significant actuarial assumptions were as follows:

Particulars	**As At**	
	March 31, 2021	**March 31, 2020**
a) Discount rate	5.40%	5.70%
b) Expected rate of return on plan assets	5.70%	7.00%
c) Salary escalation rate	8.00%	8.00%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

e) Sensitivity analysis **:**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions , holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

Rs. in million

Particulars	**Change in assumption**		**Impact on defined benefit obligation**			
			Increase in assumption		**Decrease in assumption**	
	March 31, 2021	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Discount rate	1.00%	1.00%	(21.72)	(19.23)	23.57	20.86
Salary escalation rate	1.00%	1.00%	17.53	15.55	(16.50)	(14.63)
Withdrawal rate	1.00%	1.00%	(2.77)	(2.42)	2.96	2.57

Assumptions regarding future mortality for gratuity benefit is set based on actuarial advice in accordance with published statistics and experience in the domicile country of the company.

f) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed

i) Asset volatility : The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. All assets are maintained with fund managed by LIC of India.

ii) Changes in bond yields: A decrease in bond yields will increase plan liabilities.

iii) Future salary escalation and inflation risk : Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence company is encouraged to adopt asset-liability management.

The Company's assets are maintained in a trust fund managed by public sector insurance company via, LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

g) Defined benefit liability and employer contributions

The Company has agreed that it will aim to eliminate the deficit in gratuity plan over the years. Funding levels are assessed by LIC on annual basis and the Company makes contribution as per the instructions received from LIC. The Company compares the expected contribution to the plan as provided by actuary with the instruction from LIC and assesses whether any additional contribution may be required. The Company considers the future expected contribution will not be significantly increased as compared to actual contribution.

Expected contributions to post-employment benefit plans for the year ending March 31, 2021 is **Rs. 75.20 million.** (March 31, 2020 - Rs. 68.90 million)

The weighted average duration of the defined benefit obligation is **4.41 years** (March 31, 2020 - 4.23 years). The following benefits payments are expected to be paid:

Rs. in million

	Less than 1 year	**between 1-2 years**	**between 2-5 years**	**over 5 years**	**Total**
March 31, 2021					
Defined benefit obligation - gratuity	124.21	115.28	278.12	316.29	833.90
March 31, 2020					
Defined benefit obligation - gratuity	115.57	90.36	255.76	313.96	775.65

h) Major plan assets

Rs. in million

	As at	
	March 31, 2021	**March 31, 2020**
	Unquoted	**Unquoted**
Investment funds - Insurance Funds (LIC Pension and Group Schemes fund)	483.26	427.87
Total	**483.26**	**427.87**

The category wise details of the plan assets is not available as it's maintained by LIC.

Note 45: Employees stock option plan

As at 31 March 2021, the Company has the following share-based payment arrangement:

Share option plans (equity settled)
"Emcure ESOS 2013": The Board vide its resolution granted employee stock options as under to the eligible employees under "Emcure ESOS 2013" in compliance with the provisions of the applicable law and rules framed thereunder.

Resolution date	Tranche No	Grant Date	Exercise Price	Total Options Granted
10-Oct-13	Tranche - 01	01-Oct-13	221.25*	22,70,000
14-Mar-16	Tranche - 02	14-Mar-16	508.75	5,80,000
07-Jul-17	Tranche - 03	07-Jul-17	300.00	1,00,000
01-Nov-18	Tranche - 04	01-Nov-18	522.00	8,40,000
01-Dec-18	Tranche - 05	01-Dec-18	522.00	2,40,000
01-Feb-19	Tranche - 06	01-Feb-19	522.00	2,30,000
06-Jun-19	Tranche - 07	06-Jun-19	522.00	6,25,000
08-Nov-19	Tranche - 08	08-Nov-19	580.00	4,55,000
04-Feb-20	Tranche - 09	04-Feb-20	580.00	70,000
22-Jul-20	Tranche - 10	22-Jul-20	620.00	1,80,000
09-Nov-20	Tranche - 11	09-Nov-20	620.00	40,000

**During the year ended March 31, 2016, the company had issued bonus shares to its shareholders in the ratio of 3:1. Correspondingly, proportionate adjustment has been made by increasing the number of options granted and reducing exercise price per option. Board of directors vide resolution dated January 29, 2016 have approved the adjustments to options granted.*

The eligible employees, including directors, are determined by the Remuneration Committee from time to time. These options will vest over period of 3 to 5 years from the grant date and are subject to the condition of continued service of the employees.

Once vested the option can be exercised within 5 years from date of Initial Public Offer (IPO). The exercise price of the options is equal to fair market value of the shares as determined by an independent valuer as at grant dates. If IPO does not take place or shares are not listed within 2 years from the date of grant, Remuneration committee at its sole discretion, subject to prior approval of the Company's shareholders' can settle the vested options in cash or allow exercise of option before listing at a price arrived at by an independent valuer. However no options have been settled in cash or allowed to be exercised till March 31, 2021.

Options granted under this scheme carry no dividend or voting rights. When exercised, one option is convertible into one equity share.

Movement of the options granted under the plan is as below:

March 31, 2020	Grant Date	Opening balance as on April 1, 2019	Grant during the year	Cancelled during the year	Exercised during the year	Closing balance as on March 31, 2020	Exercisable	Exercise Price
Tranche - 01	01-Oct-13	14,00,000	-	(1,90,000)	-	12,10,000	-	221.25
Tranche - 02	14-Mar-16	1,20,000	-	(60,000)	-	60,000	-	508.75
Tranche - 03	07-Jul-17	1,00,000	-	(1,00,000)	-	-	-	300.00
Tranche - 04	01-Nov-18	8,40,000	-	-	-	8,40,000	-	522.00
Tranche - 05	01-Dec-18	2,40,000	-	-	-	2,40,000	-	522.00
Tranche - 06	01-Feb-19	2,30,000	-	(90,000)	-	1,40,000	-	522.00
Tranche - 07	06-Jun-19	-	6,25,000	-	-	6,25,000	-	522.00
Tranche - 08	08-Nov-19	-	4,55,000	-	-	4,55,000	-	580.00
Tranche - 09	04-Feb-20	-	70,000	-	-	70,000	-	580.00
Total/ Weighted average exercise price		**29,30,000**	**11,50,000**	**(4,40,000)**	**-**	**36,40,000**		**430.17**

March 31, 2021	Grant Date	Opening balance as on April 1, 2020	Grant during the year	Cancelled during the year*	Exercised during the year	Closing balance as on March 31, 2021	Exercisable	Exercise Price
Tranche - 01	01-Oct-13	12,10,000	-	(3,10,000)	-	9,00,000	-	221.25
Tranche - 02	14-Mar-16	60,000	-	-	-	60,000	-	508.75
Tranche - 04	01-Nov-18	8,40,000	-	(8,40,000)	-	-	-	522.00
Tranche - 05	01-Dec-18	2,40,000	-	(2,40,000)	-	-	-	522.00
Tranche - 06	01-Feb-19	1,40,000	-	(1,10,000)	-	30,000	-	522.00
Tranche - 07	06-Jun-19	6,25,000	-	(4,95,000)	-	1,30,000	-	522.00
Tranche - 08	08-Nov-19	4,55,000	-	(2,70,000)	-	1,85,000	-	580.00
Tranche - 09	04-Feb-20	70,000	-	-	-	70,000	-	580.00
Tranche - 10	22-Jul-20	-	1,80,000	-	-	1,80,000	-	620.00
Tranche - 11	09-Nov-20	-	40,000	-	-	40,000	-	620.00
Total/ Weighted average exercise price		**36,40,000**	**2,20,000**	**(22,65,000)**	**-**	**15,95,000**		**374.59**

*ESOP's cancelled during the year include 1,815,000 options cancelled due to the proposed Composite Scheme of arrangement as referred in note 55 of the financial statements with mutual agreeable terms and conditions with employees.

No options have expired or exercised during the periods covered in the above table.

Weighted average remaining contractual life of options as at year end is 7.17 Years (March 31, 2020 : 7.09 Years)

Fair value of equity settled share based payment arrangements:
2,20,000 employee stock options were granted during the year ended March 31, 2021. The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

The model inputs for options granted during the year ended March 31, 2021 included:

Sr.	Particulars	Tranche - 10	Tranche - 11
a.	Options granted	1,80,000	40,000
b.	Exercise Price Rs.	620.00	620.00
c.	Share Price at grant date	620.00	620.00
d.	Date of grant	22-Jul-20	09-Nov-20
e.	Expected price volatility of the company`s shares	33.93%	34.21%
f.	Expected dividend yield	1.00%	1.00%
g.	Risk free interest rate	3.92%	4.32%
h.	Expected life of options	3.14	3.08

Volatility is a measure of the movement in the prices of the underlying assets. Since the Company is an unlisted Company, volatility of similar listed entities has been considered. Expected volatility has been based on an evaluation of the historical volatility of the similar listed entities (peers) share price, particularly over the historical period commensurate with the expected term. The expected term of the instrument has been based on historical experience and general option holder behaviour.

Expenses recognised in statement of profit and loss:

Rs. in million

Particulars	31-Mar-21	31-Mar-20
Employee share-based payment	26.05	27.48

Note 46 : Revenue from contract with customer

Rs. in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue recognised from contracts with customers	31,272.04	23,356.78
Other operating revenue	264.60	400.31
Disaggregation of revenue		
Based on markets		
Within India	15,168.37	13,338.14
Outside India -		
a. Europe	2,725.52	1,956.91
b. North America	2,477.97	3,363.76
c. Other continents	11,164.78	5,098.28
Total	**31,536.64**	**23,757.09**
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	28.45	45.78

The Company satisfies its performance obligations pertaining to the sale of goods at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract with customers are generally fixed price contract (except for contracts with subsidiaries, wherein there is variable consideration) subject to refund due to returns and do not contain any financing component. The payment is generally due within 7-180 days. The Company is obliged for returns/refunds due to expiry & saleable returns. There are no other significant obligations attached in the contract with customer

There is no significant judgement involved in ascertaining the timing of satisfaction of performance obligation and in evaluating when a customer obtains control of promised goods. Transaction price ascertained for the performance obligation of the Company is agreed in the contract with the customer. Further, the variable consideration is an estimate amount arrived by using expected value method.

Reconciliation of contract price with revenue recognised in statement of profit and loss:

Rs. in million

Particulars	March 31, 2021	March 31, 2020
Contract price	32,205.77	24,236.52
Less:		
Sales return and breakage expiry	(878.87)	(808.79)
Allowance for interest loss	(54.86)	(70.95)
Revenue recognised in statement of profit and loss	**31,272.04**	**23,356.78**

Major customer
Revenue from Emcure Pharma Peru S.A.C. which caters 'other continents' segment is Rs. 3,320.68 millions (March 31, 2020 : Rs. 25.76 millions) which is more than 10% of the Company's total revenue.

EMCURE PHARMACEUTICALS LIMITED
Notes to the financial statements (continued)
For the year ended March 31, 2021

Note 47 : Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Rs. in million

Particulars	**Note**	**March 31, 2021**	**March 31, 2020**
Current			
Financial assets			
Cash and cash equivalents	11A	2,455.58	296.22
Bank balances other than cash and cash equivalents	11B	151.67	95.93
Trade receivables	10	9,994.25	11,382.93
Other current financial assets	12	2,080.49	-
Non-financial assets			
Inventories	9	6,217.74	4,436.62
Other current assets	13	1,127.06	-
Assets classified as held for sale	19	127.80	-
Total current assets pledged as security		**22,154.59**	**16,211.70**
Non Current			
Financial assets			
Deposits with banks	7	21.74	17.92
Investments	5	4,579.58	2,441.71
Non-financial assets			
Property, plant, equipment, leasehold land, intangible assets and capital work-in-progress	2A, 2B, 3, 4	13,037.00	12,865.66
Total non-current assets pledged as security		**17,638.32**	**15,325.29**
Total assets pledged as security		**39,792.91**	**31,536.99**

Note 48 : Optionally convertible redeemable preference shares ('OCRPS') issued by the subsidiary of the Company.

During the previous year, the Company had redeemed the OCRPS issued by the subsidiary at par value of Rs.10 each. The Company had adopted the option of recording fair value of this financial instrument thought profit and loss account. Upto year ended March 31, 2019, the Company had recorded gain on fair value of this instrument amounting to INR 19.03 million. In the year ended March 31, 2020, the Company redeemed these share at par, accordingly the gain recorded till year ended March 31, 2019 was reversed and recorded as a loss in the year ended March 31, 2020.

Note 49 : Segment reporting

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Company's consolidated financial statements. Accordingly, segment information has been provided only in the consolidated financial statements.

Note 50 : As a lessor in an operating lease

The Company has leased industrial premises on operating lease to it's subsidiary companies Gennova Biopharmaceuticals Ltd and Zuventus Healthcare Ltd. The future minimum lease payments under this lease as of March 31, 2021 are as follows:

Rs. in million

Particulars	March 31, 2021	March 31, 2020
Due within 12 months	37.74	41.17
Due between 12-60 months	7.42	38.35
Due beyond 60 months	-	-
Total	**45.16**	**79.52**

Note 51 : Expenditure on research and development during the year

Revenue expenditure (excluding depreciation) incurred on Research and Development including in house Research and Development is **Rs. 1,238.33 million** (March 31, 2020 Rs. 1,266.88 million). Capital expenditure in relation to acquisition of property, plant and equipment and intangible assets incurred on Research and Development including in house Research and Development is **Rs. 12.32 million** (March 31, 2020 Rs. 3.68 million).

Note 52 : Information regarding Micro, Small and Medium Enterprises

The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Rs. in million

Particulars	March 31, 2021	March 31, 2020
i) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	0.62
ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	0.06
iii) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	-	0.06
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.14	0.21
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	0.21

Note 53 : Indirect tax refund received

Under Notification dated 05 October 2017 and Circular No. 1060/9/2017-CX dated 27th November, 2017 issued by the Department of Industrial Policy and Promotion (DIPP), the Company is entitled to subsidy in the form of proportionate refund of GST paid in cash (i.e. other than utilising input credit) by its unit at Jammu for a period not exceeding ten years from the date of start of commercial production at Jammu unit. The subsidy is available upto March 01, 2026. There are no unfulfilled conditions or other contingencies attached to this grant.

Note 54 : Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are promoting education, healthcare and ensuring environmental sustainability. Amount spent during the year on activities which are specified in Schedule VII of the Companies Act 2013 are as mentioned below :

a) Gross amount of **Rs. 60.18 million** (March 31, 2020 Rs. 58.92 million) required to be spent by the Company during the year.

b) Amount spent during the year on:

Rs. in million

Particulars	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
	Year ended March 31, 2021			Year ended March 31, 2020		
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes other than (i) above	64.77	-	64.77	58.08	-	58.08

Note 55 : Composite Scheme of arrangement

The Board of Directors of the Company, at their meeting held on November 09, 2020, had approved Composite Scheme of Arrangement between Emcure Pharmaceuticals Limited ("Demerged Company") and Avet Lifesciences Limited ("Resulting Company") and their respective shareholders ('Scheme') which was filed with National Company Law Tribunal ("NCLT"), Mumbai, on November 30, 2020, for demerger of the Company's US (United States of America) market business and vesting the same into the Resulting Company, under Sections 230 to 232 read with Section 52, section 66 and other applicable provisions of the Companies Act, 2013. The Joint Petition was filed with NCLT on February 04, 2021 and the final hearing of NCLT is awaited. Pending the NCLT approval, the standalone financial statements do not have any impact of the scheme.

Note 56 : Specified bank notes (SBNs)

The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30 2016 has not been made in these financial statements, since the requirement does not pertain to financial year ended 31 March 2021.

Note 57 : Other Note

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has considered internal and external information while finalizing various estimates in relation to its financial statement captions upto the date of approval of the Statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

Note 58 : Events occurring after the reporting period

On May 07, 2021, Emcure Pharma Philippines Inc., a direct subsidiary of the Company was incorporated with equity share capital of Pesos 9.68 million (equivalent to Rs. 15.11 million)

Note 59 : Code of Social Security

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

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

As per our report of even date attached.

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

Abhishek
Partner
Membership No. 062343

Place:
Date: May 28, 2021

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

Berjis Desai
Director and Chairman
DIN: 00153675

Satish Mehta
Managing Director
DIN: 00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Tajuddin Shaikh
Chief Financial Officer
PAN: AKQPS1951G

Place: Pune
Date: May 28, 2021