# PIRAMAL PHARMA LIMITED

Piramal Pharma Limited was incorporated on March 4, 2020 at Mumbai as a public limited company under the Companies Act, 2013, and was granted the certificate of incorporation by the Registrar of Companies, Mumbai ("**RoC**"). For further details, see "*History and Certain Corporate Matters*" on page 74.

**Registered Office**: Gr. Flr., Piramal Ananta, Agastya Corp. Park, Kamani Junction, LBS Marg, Kurla, Mumbai - 400070, Maharashtra, India; **Tel:** (91 22) 3802 3000/4000; **Fax**: 91 22 3802 3884
**Email:** corporate.secretarial@piramal.com; **Website:** www.piramal.com
**Contact Person:** Tanya Sanish, Company Secretary and Compliance Officer; **CIN**: U24297MH2020PLC338592

**INFORMATION MEMORANDUM**
**FOR LISTING OF 1193,318,500 EQUITY SHARES OF FACE VALUE OF ₹10 EACH**
**NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM**

**OUR PROMOTER: AJAY G. PIRAMAL**

**GENERAL RISK**

Investments in equity and equity related securities involve a degree of risk and investors should not invest in any equity shares of our Company unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking a decision to invest in the equity shares of our Company. For taking an investment decision, investors must rely on their own examination of our Company, including the risks involved. Specific attention of the investors is invited to "*Risk Factors*" on page 17.

**COMPANY'S ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to our Company, which is material in the context of the issue of equity shares pursuant to the Scheme, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. This Information Memorandum is filed pursuant to the Scheme, and is not an offer to the public at large.

**LISTING**

The Equity Shares of the Company are proposed to be listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"). For the purpose of this listing, the Designated Stock Exchange is BSE. The Company has submitted this Information Memorandum with BSE and NSE and the same has been made available on the Company's website, www.piramal.com. The Information Memorandum would also be made available on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).

**REGISTRAR AND SHARE TRANSFER AGENT**

| | |
|---|---|
| Link Intime India Private Limited C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400083 | Tel: +91 022-49186000<br>Fax: +91 022-49186060<br>Email: shweta.poojari@linkintime.co.in<br>Investor Grievance Email: rnt.helpdesk@linkintime.co.in<br>Website: www.linkintime.co.in<br>Contact Person: Shweta Poojari<br>SEBI Registration: INR000004058 |

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## SECTION I: GENERAL

## DEFINITIONS, ABBREVIATIONS AND INDUSTRY RELATED TERMS

*This Information Memorandum uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented or re-enacted from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

### General Terms

| Term | Description |
|---|---|
| "our Company", "the Company", "PPL", "Resulting Company" or "Amalgamated Pharma Company" | Piramal Pharma Limited, a company incorporated under the Companies Act, 2013 and having its registered office at Gr. Flr., Piramal Ananta, Agastya Corp. Park, Kamani Junction, LBS Marg, Kurla, Mumbai - 400 070, Maharashtra, India |
| "We", "us" or "our" | Unless the context otherwise indicates or implies, refers to our Company |

### Company Related Terms

| Term | Description |
|---|---|
| Amalgamating Pharma Companies | CCPL and HPPL |
| Amalgamating Pharma Company 1 / CCPL | Convergence Chemicals Private Limited |
| Amalgamating Pharma Company 2 / HPPL | Hemmo Pharmaceuticals Private Limited |
| Appointed Date | April 1, 2022 |
| Appropriate Authority | Appropriate Authority as set out under the Scheme being any applicable supra-national, national, central, state, municipal, provincial, local or similar governmental, statutory, regulatory, administrative authority, agency, commission, legislative body, departmental or public body or authority, board, branch, tribunal or court or other entity in India or any other country where the Scheme Companies conduct their business authorized to make laws, rules, regulations, standards, requirements, procedures or to pass directions or orders, in each case having the force of law, or any non-governmental regulatory or administrative authority, body or other organization in India or any other country where the Scheme Companies conduct their business to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law, or any stock exchange of India or any other country where the Scheme Companies conduct their business including the Registrar of Companies, Regional Director, Competition Commission of India, RBI, SEBI, Stock Exchanges, National Company Law Tribunal, Tax department including the Central Board of Direct Taxes, income tax authorities, Central and State GST Departments and such other sectoral regulators or authorities as may be applicable. |
| Articles of Association/ AoA | The Articles of Association of our Company, as amended from time to time |
| Auditor | The Statutory Auditors of our Company, namely, M/s. Deloitte Haskins & Sells LLP |
| Associates | Associates of our Company in terms of the Companies Act, 2013, namely Allergan India Private Limited and Yapan Bio Private Limited. |
| Board | Board of directors of our Company |
| Demerged Company / Amalgamated FS Company/ PEL | Piramal Enterprises Limited |
| Demerged Liabilities | Demerged Liabilities shall mean:<br>(a) the liabilities of the Demerged Company which exclusively arise out of the activities or operations of the Pharma Business;<br>(b) the specific loans or borrowings (including debentures, if any) raised, incurred and utilised solely for the activities or operations of the Pharma Business;<br>(c) in cases other than those referred to in (a) and (b) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion |

| Term | Description |
|---|---|
| | which the value of assets transferred pursuant to the Demerger bears to the total value of the assets of the Demerged Company immediately prior to the Appointed Date. |
| Demerged Undertaking | Demerged Undertaking as set out under the Scheme being all the businesses, undertakings, activities, operations and properties of the Demerged Company, of whatsoever nature and kind and wheresoever situated, exclusively related to or pertaining to the conduct of, or the activities of, the Pharma Business as a going concern (which includes the Mahad Facility, and all the equity shares held by the Demerged Company in the Resulting Company, representing the Demerged Company's strategic investment in the Resulting Company), including but not limited to, the following:<br><br>(a) all immovable properties and rights thereto i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) including roads, drains and culverts, civil works, foundations for civil works, buildings, warehouses, offices, etc., which immovable properties exclusively form part of the Pharma Business whether or not recorded in the books of accounts of the Demerged Company and all documents (including panchnamas, declarations, deeds or receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest, benefits and interests of rental agreements for lease or license or other rights to use of premises, in connection with the said immovable properties. Such properties include the following leasehold properties both pertaining to the Mahad Facility:<br>A. leasehold property under the lease deed dated September 22, 1997 entered into between Maharashtra Industrial Development Corporation and Boehringer Manheim India Limited for lease of land admeasuring 1,40,250 sq. meters situated, at Plot K-1, Additional Mahad Industrial Area, Kalinj, Sub-District Mahad, District- Raigad; and<br>B. leasehold property under the lease deed dated June 18, 2004 between Maharashtra Industrial Development Corporation and Nicholas Piramal India Limited for lease of land admeasuring 6005 sq. meters, situated at Plot No R-24 in the residential zone of Mahad Industrial Area, Nadgaon, Sub-District Mahad, District- Raigad;<br>(b) all assets, as are movable in nature and which exclusively form part of the Pharma Business, whether present or future or contingent, tangible or intangible, in possession or not, corporeal or incorporeal, in each case, wherever situated (including plant and machinery, capital work in progress, furniture, fixtures, fixed assets, computers, air conditioners, appliances, accessories, office equipment, communication facilities, installations, vehicles, inventories, stock in trade, stores and spares, packing material, raw material, tools and plants), actionable claims, earnest monies and sundry debtors, prepaid expenses, bills of exchange, promissory notes, financial assets, investment and shares in entities/ branches/ offices undertaking the Pharma Business in India, outstanding loans and advances, recoverable in cash or in kind or for value to be received, receivables, funds, cash and bank balances and deposits including accrued interest thereto with any Appropriate Authority, banks, customers and other persons, dividends declared or interest accrued thereon, reserves, provisions, funds, benefits of all agreements, shares, bonds, debentures, debenture stock, units or pass through certificates, securities, the benefits of any bank guarantees, performance guarantees and tax related assets/credits, including but not limited to goods and service tax input credits, service tax input credits, central value added tax credits, value added/ sales tax/ entry tax credits or set-offs, advance tax, withholding tax/ TDS, taxes withheld/ paid in a foreign country, self-assessment tax, regular tax, minimum alternate tax, dividend distribution tax, securities transaction tax, surcharge, cess, deferred tax assets/ liabilities, accumulated losses under the IT Act and allowance for unabsorbed depreciation under the IT Act, losses brought forward and unabsorbed depreciation as per the books of account, tax refunds, rights of any claim not made by the Demerged Company in respect of any refund of tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Demerged Company and any interest thereon, with regard to any law, act or rule or scheme made by the Appropriate Authority;<br>(c) all permits, licenses, permissions, right of way, approvals, authorisations, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, privileges, memberships, allotments, quotas, no objection certificates, exemptions, pre-qualifications, bid acceptances, concessions, subsidies, tax deferrals, and exemptions and other benefits (in each case including the benefit of any applications made for the same), if any, liberties and |

| Term | Description |
|---|---|
| | advantages, approval for commissioning of project and other licenses or clearances granted/ issued/ given by any governmental, statutory or regulatory or local or administrative bodies, organizations or companies for the purpose of carrying on the Pharma Business or in connection therewith including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that form part of the Pharma Business;<br>(d) all contracts, agreements, purchase orders/ service orders, operation and maintenance contracts, memoranda of understanding/ undertakings/ agreements, memoranda of agreed points, bids, tenders (including tender(s) for supply of vitamin solutions and premixes), tariff policies, expressions of interest, letters of intent, hire and purchase arrangements, power purchase agreements, tenancy rights, agreements for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/ manufacturer of goods/ service providers, other arrangements, undertakings, deeds, bonds, schemes, concession agreements, trade union arrangements, settlements, collective bargaining schemes, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether vested or potential and written, oral or otherwise and all rights, title, interests, assurances, claims and benefits thereunder exclusively forming part of the Pharma Business;<br>(e) all insurance policies pertaining to the Pharma Business;<br>(f) all Intellectual Property that exclusively forms part of the Pharma Business;<br>(g) all rights to use and avail telephones, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Demerged Company exclusively forming part of the Pharma Business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Company and exclusively forming part of the Pharma Business;<br>(h) all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/ supplier pricing information, and all other books and records, whether in physical or electronic form that exclusively form part of the Pharma Business;<br>(i) the Demerged Liabilities;<br>(j) the Demerger Transferred Employees including Liabilities of PEL with regard to the Demerger Transferred Employees, with respect to the payment of gratuity, superannuation, pension benefits and provident fund or other compensation or benefits, if any, whether in the event of resignation, death, retirement, retrenchment or otherwise, as on the Effective Date;<br>(k) all legal or other proceedings of whatsoever nature that exclusively form part of the Pharma Business, which are capable of being continued by or against the Resulting Company under Applicable Law, other than proceedings under Tax Laws pertaining to the period prior to the Appointed Date; and<br>(l) any assets, Liabilities, agreements, undertakings, activities, operations or properties that are determined by the Boards of the Demerged Company and the Resulting Company as relating to or forming part of the Pharma Business or which are necessary for conduct of, or the activities or operations of, the Pharma Business |
| Demerger | The transfer by way of a demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company, the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company in accordance with the Share Entitlement Ratio, as set out under the Scheme |

| Term | Description |
|---|---|
| Demerger Transferred Employees | All the permanent employees of the Demerged Company who are either: (a) engaged in or relate to the Demerged Undertaking as on the Effective Date, or (b) jointly identified by the Boards or the management of the Demerged Company and the Resulting Company as being necessary for the proper functioning of the Demerged Undertaking, as set out in Scheme. |
| Designated Stock Exchange | BSE |
| Director(s) | Director(s) of our Company |
| Effective Date | August 18, 2022 |
| Equity Shares | Equity shares of the Company having a face value of ₹10 each |
| ESOP Plan | Piramal Pharma Limited Employee Stock Option and Incentive Plan 2022 |
| Financial Statements | Audited financial statements of our Company since incorporation i.e. from March 4, 2020 till the period ended March 31, 2022 |
| Group Companies | Our group companies as disclosed in section "*Our Promoter, Promoter Group and Group Companies – Group Companies*" on page 87 |
| Information Memorandum/ IM | This Information Memorandum dated September 5,2022 filed with the Stock Exchanges for listing of Equity Shares and referred to as the Information Memorandum or IM |
| Key Managerial Personnel/ KMP | Key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations as described in "*Our Management*" on page 80 |
| Memorandum of Association/ MoA | The Memorandum of Association of our Company, as amended |
| NCLT | National Company Law Tribunal, Mumbai Bench |
| PFPL/Amalgamating FS Company | PHL Fininvest Private Limited |
| Piramal Group | Our Company, our Subsidiaries, our Associates, and our Group Companies |
| Pharma Business | Pharma Business as set out under the Scheme being the pharmaceutical business of the Demerged Company conducted in India whereby it provides end-to-end development and manufacturing solutions to third parties across the drug life cycle, through an integrated network, which comprises the following: business undertaken:<br>• directly by the Demerged Company:<br>(a) contract development and manufacturing of formulations and vitamin-mineral pre-mixes including at the Mahad Facility;<br>(b) the business of manufacture, and distribution of consumer healthcare products, including through super distribution arrangements; and<br>• indirectly through the Resulting Company:<br>(a) contract development and manufacturing organization services, ranging from discovery clinical development to commercial manufacturing of active pharmaceutical ingredients and formulations;<br>(b) manufacturing / selling / distribution of complex hospital generics including inhalation anaesthesia, injectable anaesthesia, intrathecal spasticity and pain management and select antibiotics; and<br>(c) developing and marketing of consumer healthcare products. |
| Promoter | The promoter of our Company, Ajay G. Piramal |
| Promoter Group | Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations. For details, see section "*Our Promoter, Promoter Group and Group Companies*" on page 87 |
| Record Date | September 1, 2022 |
| Registered Office | Registered office of the Company located at Gr. Flr., Piramal Ananta, Agastya Corp. Park, Kamani Junction, LBS Marg, Kurla , Mumbai – 400 070, Maharashtra, India |
| Registrar and Transfer Agent | Link Intime India Private Limited |
| Registrar of Companies/ RoC | Unless specified otherwise, the Registrar of Companies, Mumbai |
| Scheme | Composite scheme of arrangement amongst PEL, the Company, Convergence Chemicals Private Limited, Hemmo Pharmaceuticals Private Limited, PFPL and their respective shareholders and creditors as approved by the NCLT on August 12, 2022. |
| Scheme Companies | PEL, PPL, PFPL, CCPL, and HPPL collectively |
| Share Entitlement Ratio | Share entitlement ratio as set out under the Scheme being *"for every 1 (one) equity share of face and paid-up value of Rs. 2/- (Two) held in PEL, 4 (Four) equity shares of face and paid-up value of Rs. 10/- (Ten) in PPL."* |

| Term | Description |
| --- | --- |
| Subsidiaries | The subsidiaries of our Company, namely, Piramal Pharma II Private Limited, Piramal Critical Care Pty Limited, Piramal Healthcare (Canada) Limited, Piramal Critical Care Deutschland GmbH, Piramal Critical Care Italia S.P.A., Piramal Pharma Japan GK, Piramal Critical Care B.V., Piramal Dutch Holdings N.V., Piramal Pharma Solutions (Dutch) B.V., Piramal Critical Care South Africa (PTY) Ltd., Piramal Critical Care Ltd., Piramal Healthcare UK Limited, Piramal Healthcare Pension Trustee Limited, Piramal Pharma Inc., Piramal Healthcare Inc., Piramal Critical Care Inc., Piramal Pharma Solutions Inc., PEL Pharma Inc., Ash Stevens LLC, and PEL Healthcare LLC as disclosed in in "*History and Certain Corporate Matters – Subsidiaries*" on page 75 |

## Technical/ Industry Related Terms/ Abbreviations

| Term | Description |
| --- | --- |
| APIs | Active Pharmaceutical Ingredient |
| CDMO | Contract Development and Manufacturing Organization |
| CHG | Complex Hospital Generics |
| CNS | Central Nervous System |
| CVS | Cardio Vascular System |
| DMF | Drug Master File |
| ICH | Indian Consumer Healthcare |
| GMP | Good Manufacturing Practice |
| R&D | Research and Development |
| VMS | Vendor Management System |

## Conventional and General Terms / Abbreviations

| Term | Description |
| --- | --- |
| ₹/Rs./Rupees/INR | Indian Rupees |
| AGM | Annual General Meeting |
| AUD | Australian Dollar |
| BSE | BSE Limited |
| CAD | Canadian Dollar |
| CAGR | Compounded Annual Growth Rate |
| CCI | Competition Commission of India |
| CDSL | Central Depository Services (India) Limited |
| CIN | Corporate Identity Number |
| Companies Act | Companies Act, 2013, along with the relevant rules made thereunder |
| Depositories | NSDL and CDSL |
| DIN | Director Identification Number |
| EPS | Earnings Per Share |
| EUR | Euro |
| Financial Year/ Fiscal/ FY | Unless stated otherwise, the period of 12 months ending March 31 of that particular year |
| GBP | Great Britain Pound |
| GoI or Government or Central Government | Government of India |
| GST | Goods and Services Tax |
| IBC | Insolvency and Bankruptcy Code, 2016 |
| Ind AS | Indian Accounting Standards |
| India | Republic of India |
| IT Act | Income-tax Act, 1961 |
| IPR | Intellectual Property Rights |
| JPY | Japanese Yen |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |

| Term | Description |
|---|---|
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| RBI | The Reserve Bank of India |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SEBI | Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI Scheme Circular | Circular No. SEBI/HO/CFD/DIL1/P/CIR/2021/0000000665 dated November 23, 2021 and any amendments thereof, consolidating SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, SEBI circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017, SEBI circular no. CIR/IMD/DF /50/2017 dated May 26, 2017, SEBI circular no. CFD/DIL3/CIR/2017/105 dated September 21, 2017, SEBI circular no. CFD/DIL3/CIR/2018/2 dated January 3, 2018, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2019/192 dated September 12, 2019, SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated November 3, 2020, SEBI/HO/CFD/DIL2/CIR/P/2021/0000000657 dated November 16, 2021, and SEBI/HO/CFD/DIL2/CIR/P/2021/0000000659 dated November 18, 2021. |
| SEBI Scheme Circular 2021 | Circular No. SEBI/HO/CFD/DIL1/P/CIR/2021/0000000665 dated November 23, 2021, issued by the SEBI. |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 |
| Stock Exchanges | BSE and NSE |
| Tax | Tax means and include any tax, whether direct or indirect, including income tax (including withholding tax, dividend distribution tax), GST, excise duty, central sales tax, service tax, octroi, local body tax and customs duty, duties, charges, fees, surcharge, cess, levies or other similar assessments by or payable to an Appropriate Authority, including in relation to: (a) income, services, gross receipts, premium, immovable property, movable property, assets, profession, entry, capital gains, municipal, interest, expenditure, imports, wealth, gift, sales, use, transfer, licensing, withholding, employment, payroll and franchise taxes, and (b) any interest, fines, penalties, assessments, or additions to Tax resulting from, attributable to or incurred in connection with any proceedings or late payments in respect thereof |
| TDS | Tax deductible at source, in accordance with the provisions of the IT Act |
| TRIPS | Trade Related Aspects of Intellectual Property Rights |
| UK | United Kingdom |
| USFDA | United States Food and Drug Administration |
| U.S./USA/United States | United States of America |
| USD/US$ | United States Dollars |
| Wilful Defaulter | An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(lll) of the SEBI ICDR Regulations |

## CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL AND MARKET DATA

### Certain Conventions

All references to "India" contained in this Information Memorandum are to the Republic of India.

Unless stated otherwise, all references to page numbers in the Information Memorandum are to the page numbers of the Information Memorandum.

### Financial Data

Unless stated otherwise, the financial data in this Information Memorandum is derived from our Financial Statements. Our Company publishes its Financial Statements in Indian Rupees. Our Financial Statements, including the report issued by the Statutory Auditor, included in this Information Memorandum, have been prepared in accordance with Ind AS.

In terms of Section 2(41) of the Companies Act, for companies which have been incorporated on or after January 1 of a year, the financial year will be the period ending on March 31 of the following year, in respect whereof the financial statement of the company or body corporate is prepared. Our Company was incorporated on March 4, 2020 with our first financial year commencing on March 4, 2020 and ending on March 31, 2021. Accordingly, all references to a particular financial year is to the 12 months ended March 31 of that year.

Financial information in respect of the Demerged Undertaking forms part of the audited financial statements prepared by the Demerged Company and is reported separately. The reported financial statements of Demerged Company is available on the website of the BSE and NSE and on the website of Demerged Company respectively. The reference to the audited financial information of Demerged Company is being provided solely for information purposes and such information does not form part of the Information Memorandum.

In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

### Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India;
- "USD" or "US$" or "$" are to United States Dollar, the official currency of the United States of America.

Our Company has presented certain numerical information in this Information Memorandum in "lakh", "million" and "crores" units or in whole numbers where the numbers have been too small to represent in such units. One million represents 1,000,000 and one billion represents 1,000,000,000. One lakh represents 100,000 and one crore represents 10,000,000.

### Industry and Market Data

Unless stated otherwise, industry and market data and various forecasts used throughout this Information Memorandum have been obtained or derived from publicly available information as well as various industry publications and sources. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Information Memorandum is reliable, it has not been independently verified by our Company and our affiliates or advisors.

## FORWARD-LOOKING STATEMENTS

This Information Memorandum contains certain "forward-looking statements". All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". All statements regarding our expected financial condition and results of operations, business, plans and prospects are "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "contemplate", "believe", "expect", "estimate", "intend", "likely to", "seek to", "shall", "objective", "plan", "project", "objective", "goal", "should", "can", "could", "may", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements whether made by us or any third parties in this Information Memorandum are based on our current plans, strategies, objectives, estimates, presumptions and expectations and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including but not limited to, regulatory changes pertaining to the power industry and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the power industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Our pharmaceuticals business is subject to extensive regulation and customer quality audits. If we fail to comply with the applicable regulations prescribed by governments and regulatory agencies, or fail to clear the customer audits, our business, results of operations and financial condition could be adversely affected.

- We are dependent on our key customers and our key products.

- Any delay in production at, or shutdown of, any of our manufacturing facilities or any of the third-party manufacturing facilities we use, could adversely affect our business, results of operations and financial condition.

- We are subject to range of safety, health and environment related legislations.

- Our success depends on our ability to retain and attract key qualified personnel and operational staff and if we are not able to retain them or recruit additional qualified personnel, we may be unable to successfully develop our business.

- We face the threat of fraud and cyber-attacks, such as hacking, phishing, trojans and advanced persistency threats, attempting to exploit our network to disrupt services to customers and/or theft of sensitive internal data or customer information. This may cause damage to our reputation and adversely impact our business and financial results.

- Difficulties in integration of any businesses in our recent or any future acquisitions could result in operating difficulties and adversely affect our business, results of operations and financial condition.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*" and "*Our Business*" on pages 17 and 67, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

These statements are based on the management's belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Neither our Company, our Promoter, our Directors, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

## SECTION II – INFORMATION MEMORANDUM SUMMARY

*This section is a summary of specific disclosures included in this Information Memorandum and is not exhaustive nor does it purport to contain a summary of all disclosures or details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Information Memorandum, including the sections entitled "Risk Factors", "Outstanding Litigation and Material Developments", "Our Promoters, Promoter Group and Group Companies", "Financial Statements", "Our Business" and "Main Provisions of the Articles of Association" on pages 17, 343, 87, 95, 67 and 350, respectively. For additional information and further details with respect to any of the information summarised below, please refer to the relevant sections of this Information Memorandum. Unless otherwise stated, the financial information in this section is derived from the Financial Statements.*

### *Overview of Industry*

The global pharmaceutical market, valued at USD 1.42 trillion in 2021, is expected to grow at a 3-6% compounded annual growth rate (CAGR) through 2026 to become USD 1.78 trillion in size. This would be primarily driven by aging population, improvement of medical infrastructure and accessibility, penetration of medical insurance and improving affordability, development of new medications and rising prevalence of chronic diseases.

The Company is engaged in the business of contract development and organization services (CDMO), complex hospital generics (CHG) and Indian consumer healthcare (ICH).

**CDMO Industry** – The total market value for CDMO services stood at USD 115 billion in 2020 and is expected to reach USD 169 billion in 2026, growing at a CAGR of 7%. Small molecules lead the pipeline contributing 70% to the CDMO market.

**The CHG** market has a total size of over USD 50 billion. Generic injectables represents approximately 20% of the US generic market. The competition in CHG market remains limited as compared to traditional generics due to high investments and high technical complexity in product development and manufacturing.

**ICH Industry**: In India, the health-focused branded consumer industry is worth approximately USD 19 billion and is expected to grow significantly driven by young, urban population with increasing health consciousness, digital revolution, retail disruptions, and its continued value-seeking behaviour.

### *Overview of Company / Business*

The Company is a public limited company which was incorporated on March 4, 2020 and its registered office is situated at Gr. Flr., Piramal Ananta, Agastya Corp. Park, Kamani Junction, LBS Marg, Kurla, Mumbai - 400 070, Maharashtra, India.

The Company offers a portfolio of differentiated products and services through end-to-end manufacturing capabilities across 14 global facilities and a global distribution network in over 100 countries. The Company is primarily engaged, directly and indirectly (i) in the business of contract development and organization services, ranging from discovery clinical development to commercial manufacturing of active pharmaceutical ingredients, formulations. The Company offers its customers with differentiated and niche offerings such as Highly Potent APIs, Peptide APIs, Potent Sterile Injectable, ADCs, Complex OSD, Biologics & Vaccines; (ii) in the business of manufacturing, selling and distribution of complex hospital generics including inhalation anaesthesia, injectable anaesthesia, intrathecal spasticity and pain management and select antibiotics. The Company has vertically integrated manufacturing capabilities in inhalation anaesthesia; and (iii) developing and marketing of consumer healthcare products. In addition, the Company has a joint venture with Allergan, a leader in ophthalmology in the Indian formulations market. The Company also holds a 33.33% stake in Yapan Bio Pvt Ltd, a CDMO that serves the needs of the biotechnology industry through robust process development, appropriate scale-up and compliant GMP manufacturing of vaccines and biologics/bio-therapeutics for human clinical trials across the world.

For further details, see "*Our Business*" on page 67.

### *Our Promoter*

The Promoter of our Company is Ajay G. Piramal.

***Shareholding of the Promoter and members of the Promoter Group***

The shareholding of the Promoters and the members of the Promoter Group as on the date of this Information Memorandum, are detailed below:

| Sr. No. | Name of Shareholder | No. of Equity Shares | % of paid up share capital |
|---|---|---|---|
| **Promoter** | | | |
| 1. | Ajay G. Piramal | 493,184 | 0.04 |
| **Promoter Group** | | | |
| 2. | Dr Swati A. Piramal | 8,400 | 0.00 |
| 3. | Anand Piramal | 788,388 | 0.07 |
| 4. | Nandini Piramal | 181,948 | 0.02 |
| 5. | Lalita G. Piramal | 4,936 | 0.00 |
| 6. | Peter DeYoung | 432,000 | 0.04 |
| 7. | Anya Piramal DeYoung | 192,000 | 0.02 |
| 8. | Dev Piramal DeYoung | 192,000 | 0.02 |
| 9. | Ajay G. Piramal (Karta of Ajay G. Piramal HUF) | 26,028 | 0.00 |
| 10. | AASAN Corporate Solutions Private Limited | 8,055,500 | 0.68 |
| 11. | PRL Realtors LLP | 35,895,652 | 3.01 |
| 12. | The Ajay G. Piramal Foundation | 3,946,924 | 0.33 |
| 13. | The Sri Krishna Trust through its Trustee Ajay G Piramal and Dr. Swati A Piramal | 315,510,320 | 26.44 |
| 14. | Piramal Welfare Trust *(Formerly known as The Piramal Enterprise Executives Trust)* | 9,543,224 | 0.80 |
| 15. | Piramal Enterprises Limited | 0 | 0.00 |
| 16. | Adelwise Investments Private Limited | 0 | 0.00 |
| 17. | Akshar Fincom Private Limited | 0 | 0.00 |
| 18. | Alpex Holdings Private Limited | 0 | 0.00 |
| 19. | Alpex InfraConstructions Private Limited. | 0 | 0.00 |
| 20. | Brickex Advisors Private Limited | 0 | 0.00 |
| 21. | Gerah Enterprises Private Limited | 0 | 0.00 |
| 22. | Glider Buildcon Realtors Private Limited | 0 | 0.00 |
| 23. | IndiaVenture Advisors Private Limited | 0 | 0.00 |
| 24. | Kaivalya Education Foundation | 0 | 0.00 |
| 25. | Montane Ventures Private Limited | 0 | 0.00 |
| 26. | Piramal Corporate Services Private Limited | 0 | 0.00 |
| 27. | Nival Developers Private Limited | 0 | 0.00 |
| 28. | PCE Developers Private Limited | 0 | 0.00 |
| 29. | PCSL InfraConstructions & Merchandising Private Limited | 0 | 0.00 |
| 30. | PDL Properties LLP | 0 | 0.00 |
| 31. | PDL Realty Private Limited | 0 | 0.00 |
| 32. | PEL Finhold Private Limited | 0 | 0.00 |
| 33. | PEL Management Sevices Private Limited | 0 | 0.00 |
| 34. | Piramal Advanced Systems Private Limited | 0 | 0.00 |
| 35. | Piramal Aerospace Private Limited | 0 | 0.00 |
| 36. | Piramal Aerostructures Private Limited | 0 | 0.00 |
| 37. | Piramal Agriculture Private Limited | 0 | 0.00 |
| 38. | Piramal Auto Private Limited | 0 | 0.00 |
| 39. | Piramal Biotech Private Limited | 0 | 0.00 |

| | | | |
|---|---|---|---|
| 40. | Piramal Homes Private Limited *(Formerly Piramal Building Material and Cement Private Limited)* | 0 | 0.00 |
| 41. | Piramal Chemtech and Fertilizers Private Limited | 0 | 0.00 |
| 42. | Piramal Commercial Estates LLP | 0 | 0.00 |
| 43. | Piramal Consumer Products Private Limited | 0 | 0.00 |
| 44. | Piramal Data Integrity Private Ltd. | 0 | 0.00 |
| 45. | Piramal Defence Equipments Private Limited | 0 | 0.00 |
| 46. | Piramal Electrosystems Private Limited | 0 | 0.00 |
| 47. | Piramal Entertainment Private Limited | 0 | 0.00 |
| 48. | Piramal e-Shopping Private Limited | 0 | 0.00 |
| 49. | Piramal Estates Private Limited | 0 | 0.00 |
| 50. | Piramal Flight Systems Private Limited | 0 | 0.00 |
| 51. | Piramal Forging Private Limited | 0 | 0.00 |
| 52. | Piramal Foundation for Education Leadership | 0 | 0.00 |
| 53. | Piramal Foundation | 0 | 0.00 |
| 54. | Piramal Udgam Data Management Solutions | 0 | 0.00 |
| 55. | Piramal Fund Management Private Limited | 0 | 0.00 |
| 56. | Piramal Glass Private Limited | 0 | 0.00 |
| 57. | Piramal Higher Education Private Limited | 0 | 0.00 |
| 58. | Piramal Hospitality Private Limited | 0 | 0.00 |
| 59. | Piramal International Consultants Private Limited | 0 | 0.00 |
| 60. | Piramal Investment Advisory Services Private Limited | 0 | 0.00 |
| 61. | Piramal Media Private Limited | 0 | 0.00 |
| 62. | Piramal Metals Private Limited | 0 | 0.00 |
| 63. | Piramal Natural Resources Private Limited | 0 | 0.00 |
| 64. | Piramal Offshore Private Limited | 0 | 0.00 |
| 65. | Piramal Oil & Gas Private Limited | 0 | 0.00 |
| 66. | Piramal Packaging Private Limited | 0 | 0.00 |
| 67. | Piramal Projects & Constructions Private Limited | 0 | 0.00 |
| 68. | PRPL Enterprises Private Limited *(formerly known as Piramal Realty Private Limited)* | 0 | 0.00 |
| 69. | Piramal Residences Private Limited | 0 | 0.00 |
| 70. | Piramal Retail Private Limited | 0 | 0.00 |
| 71. | Piramal Security Private Limited | 0 | 0.00 |
| 72. | Piramal Shipyard Private Limited | 0 | 0.00 |
| 73. | Piramal Sports Private Limited | 0 | 0.00 |
| 74. | Piramal Systems & Technologies Private Limited | 0 | 0.00 |
| 75. | Piramal Televentures Private Limited | 0 | 0.00 |
| 76. | Piramal Realty & Developers Private Limited *(formerly known as Piramal Urban Transport Network Private Limited)* | 0 | 0.00 |
| 77. | Piramal Water Private Limited | 0 | 0.00 |
| 78. | PRL Agastya Private Limited | 0 | 0.00 |
| 79. | PRL Developers Private Limited | 0 | 0.00 |
| 80. | PRL InfraConstructions & Developers Private Limited | 0 | 0.00 |
| 81. | PRL Properties LLP | 0 | 0.00 |
| 82. | Propiedades Realties Private Limited | 0 | 0.00 |
| 83. | The Piramal Art Foundation | 0 | 0.00 |
| 84. | The Sri Gopikrishna Trust | 0 | 0.00 |
| 85. | The Sri Govinda Trust | 0 | 0.00 |
| 86. | The Sri Hari Trust | 0 | 0.00 |
| 87. | The Swastik Safe Deposit & Investments Ltd. | 0 | 0.00 |
| 88. | V3 Designs LLP | 3,88,04,000 | 3.25 |
| 89. | Piramal Corporate & Management Services Private Limited | 0 | 0.00 |

| | | | |
|---|---|---|---|
| 90. | Anutham Realty Private Limited | 0 | 0.00 |
| 91. | Sreekovil Realty Private Limited | 0 | 0.00 |
| 92. | Swati Piramal Trust | 0 | 0.00 |
| 93. | Nandini Piramal Trust | 4,90,960 | 0.04 |
| 94. | Anand Piramal Trust | 5,57,308 | 0.05 |
| 95. | The Gulita Trust | 0 | 0.00 |
| 96. | Piramal Sons Private Limited | 0 | 0.00 |
| 97. | Piramal Trusteeship Services Private Limited | 0 | 0.00 |
| 98. | Blue Crystal Constructions & Developers Private Limited | 0 | 0.00 |
| 99. | India Resurgence Asset Management Business Private Limited | 0 | 0.00 |
| 100 | India Resurgence ARC Private Limited | 0 | 0.00 |
| 101 | Nithyam Realty Private Limited | 0 | 0.00 |
| 102 | Kosamba Glass Deco Private Limited | 0 | 0.00 |
| 103 | Ansa Deco Glass Private Limited | 0 | 0.00 |
| 104 | Topzone Mercantile Company LLP | 0 | 0.00 |
| 105 | Bangplot Realtors & Developers LLP | 0 | 0.00 |
| 106 | The Address Makers Developers Private Limited | 0 | 0.00 |
| 107 | PRL Agastya Buildcon Private Limited | 0 | 0.00 |

*Note: India Resurgence Asset Management Business Private Limited , India Resurgence ARC Private Limited , Piramal Foundation, Piramal Foundation for Education Leadership, Piramal Udgam Data Management Solutions, Kaivalya Education Foundation, The Address Makers Developers Private Limited, Kosamba Glass Deco Private Limited and Ansa Deco Glass Private Limited do not form part of the promoter group. However, pending requisite approvals, they continue to reflect as part of promoter group.*

### *Summary of the Issue*

This Issue is for listing of fully paid 119,33,18,500 Equity Shares of Rs. 10 each by the Company, pursuant to the Scheme. No Equity Shares are proposed to be sold or offered pursuant to this Information Memorandum.

### *Objects of the Issue*

There are no objects of Issue except listing of 119,33,18,500 Equity Shares of the Company, pursuant to the Scheme.

### *Summary of Financial Information*

*(Rs. In Crores)*

| Particulars | For the year ended March 31, 2022 | For the period March 4, 2020 to March 31, 2021* |
|---|---|---|
| Equity Share Capital | 1,185.91 | 994.60 |
| Net worth<br>(Refer note 1) | 6,277.85 | 5,192.37 |
| Revenue / Total income from operations (Net)<br>(Refer note 2) | 6,559.10 | 6314.90 |
| Profit after tax and extraordinary items (Refer note 3) | 375.96 | 835.03 |
| Diluted EPS (Rs.)<br>(Refer note 4) | 3.19 | 13.30 |
| Net asset value per share (Rs.)<br>(Refer note 5) | 52.94 | 52.21 |
| Return on net worth (%)<br>(Refer note 6) | 5.99% | 16.08% |
| Total borrowings | 4023.28 | 2910.19 |

**March 4, 2020 being the date of incorporation, the first year financials of the Company, is for the period March 4, 2020 to March 31, 2021.*

*Notes:*

1. *Net worth is as per the definition of net worth as given under Section 2(57) of the Act. The definition is reproduced as below:*

*"net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*

2. *Total income from operations (net) represents sale of products and services and other operating revenues.*
3. *The profit is post considering share of profit of associates and joint venture.*
4. *Earnings per share (EPS) is on the profits post exceptional items and tax and computed in accordance with Ind AS 33.EPS for previous period has been restated on account of issuance of bonus shares and preference shares issued in current year.*
5. *Net asset value per share = Net worth/Outstanding number of shares.*
6. *Return on net worth = Net profit after tax / Net worth.*

There have been no qualifications or adverse remarks by our Auditors in the Financial Statements.

For further details, see "*Financial Statements*" on page 95.

***Summary of Outstanding Litigations***

The summary of outstanding or pending litigations involving our Company, Directors, Promoters and Group Companies, as on the date of this Information Memorandum is set out below:

| Name of Entity | Criminal proceedings | Tax proceedings | Statutory or Regulatory Proceedings | Disciplinary actions by SEBI or Stock Exchanges against our Promoter | Material civil litigations | Aggregate amount involved (₹ in crores)* |
|---|---|---|---|---|---|---|
| ***Company*** | | | | | | |
| By our Company | Nil | Nil | Nil | Nil | Nil | Nil |
| Against our Company | 1 | 45 | 1 | Nil | Nil | 41.92 |
| ***Directors*** | | | | | | |
| By our Directors | Nil | Nil | Nil | Nil | Nil | Nil |
| Against our Directors | 1 | Nil | 1 | Nil | Nil | Nil |
| ***Promoter*** | | | | | | |
| By our Promoter | Nil | Nil | Nil | Nil | Nil | Nil |
| Against our Promoter | 6 | 1 | 1 | Nil | Nil | 1.04 |
| ***Subsidiaries*** | | | | | | |
| By our Subsidiaries | Nil | Nil | Nil | Nil | Nil | Nil |
| Against our Subsidiaries | Nil | Nil | Nil | Nil | Nil | Nil |
| ***Group Companies*** | | | | | | |
| By our Group Companies | Nil | Nil | Nil | Nil | Nil | Nil |
| Against our Group Companies | Nil | Nil | Nil | Nil | Nil | Nil |

For further details, see the section titled *"Outstanding Litigations and Material Developments"* on page 343.

***Risk Factors***

For details of risks applicable to us, see the section titled "*Risk Factors*" on page 17.

### *Summary of Contingent liabilities*

A summary of our contingent liabilities as on March 31, 2021 and as on March 31, 2022 are as set out below:

*(Rs. In Crore)*

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **A.** Claim by third Party against the Company not acknowledged as debt | | |
| • Indemnity given to Navin Flourine International Limited by CCPL in relation to service tax matter where Company is in appeal* | 1.79 | 1.79 |
| • Others | 13.38 | 3.00 |
| **B.** Appeals filed in respect of disputed demands | | |
| • Income Tax (where the Company is in appeal) | 0.42 | - |
| • Sales Tax | 1.06 | 1.06 |
| • Central/State Excise/Sevice Tax/Custom | 23.76 | 13.38 |
| • Labour matters | 2.17 | 1.10 |
| • Stanp duty | - | 9.37 |
| **C.** Unexpired letters of Credit | 2.36 | 0.28 |
| **TOTAL** | **44.94** | **29.98** |

** CCPL is not a party to the service tax matter, which is between Navin Fluorine International Limited and Service tax/Excise department. CCPL has only given indemnity to Navin Fluorine International Limited in relation to the service tax matter and accordingly, this matter is not disclosed under Tax Claims in the sections entitled "Outstanding Litigation and Material Developments.*
*Note: Future cash outflows in respect of above are determinable only on receipt of judgments/decisions pending with various forums/authorities.*

For further details, see the note on contingent liabilities in the section titled "*Financial Statements*" on page 95.

### *Summary of related party transactions*

Please refer to the note on Related Party Transactions in section titled "*Financial Statements*" on page 95.

### *Financing Arrangements*

There have been no financing arrangements whereby our Promoter, members of our Promoter Group or our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of this Information Memorandum.

### *Weighted Average Price at which the Equity Shares were acquired by the Promoters in the one year preceding the date of this Information Memorandum*

The weighted average price at which Equity Shares were acquired by the Promoter and Promoter Group in the one year preceding the date of this Information Memorandum is:

| Sr. No. | Name | No. of Equity Shares Acquired* | Weighted Average price per Equity Share (in Rs.) |
|---|---|---|---|
| **Promoter** | | | |
| 1. | Ajay G. Piramal | 493,184 | Not Applicable |
| **Promoter Group** | | | |
| 2. | Swati A. Piramal | 8,400 | Not Applicable |
| 3. | Anand Piramal | 788,388 | Not Applicable |
| 4. | Nandini Piramal | 181,948 | Not Applicable |
| 5. | Lalita G. Piramal | 4,936 | Not Applicable |
| 6. | Peter DeYoung | 432,000 | Not Applicable |
| 7. | Anya Piramal DeYoung | 192,000 | Not Applicable |

| | | | |
|---|---|---|---|
| 8. | Dev Piramal DeYoung | 192,000 | Not Applicable |
| 9. | Ajay G. Piramal (Karta of Ajay G. Piramal HUF) | 26,028 | Not Applicable |
| 10. | AASAN Corporate Solutions Private Limited | 8,055,500 | Not Applicable |
| 11. | PRL Realtors LLP | 35,895,652 | Not Applicable |
| 12. | The Ajay G. Piramal Foundation | 3,946,924 | Not Applicable |
| 13. | The Sri Krishna Trust through its Trustee Ajay G Piramal and Dr. Swati A Piramal | 315,510,320 | Not Applicable |
| 14. | Piramal Welfare Trust *(Formerly known as The Piramal Enterprise Executives Trust)* | 9,543,224 | Not Applicable |
| 15. | V3 Designs LLP | 3,88,04,000 | Not Applicable |
| 16. | Nandini Piramal Trust | 4,90,960 | Not Applicable |
| 17. | Anand Piramal Trust | 5,57,308 | Not Applicable |

** issued pursuant to the Scheme*

**Average cost of acquisition of shares**

The average cost of acquisition per Equity Share for the Promoters is not applicable as the Equity Shares were allotted pursuant to the Scheme.

**Issue of Equity Shares for consideration other than cash in the last one year**

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Information Memorandum, except as set forth below:

| Date of Allotment | No. of Equity Shares Allotted | Face Value per Equity Share (Rs.) | Premium per Equity Share (Rs.) | Nature of Allotment | Nature of consideration |
|---|---|---|---|---|---|
| October 1, 2021 | 96,57,423 | 10 | 603 | Allotment of Equity Shares pursuant to conversion of loan into equity shares | Consideration other than cash |
| October 1, 2021 | 39,88,262 | 10 | 178.05 | Allotment of Equity Shares pursuant to conversion of compulsorily convertible preference shares into Equity Shares | Consideration other than cash |
| October 4, 2021 | 17,76,65,757 | 10 | N.A. | Allotment of Equity Shares pursuant to bonus issue | Consideration other than cash |
| September 5, 2022 | 95,46,54,800 | 10 | N.A. | Allotment of Equity Shares pursuant to the Scheme | Consideration other than cash |

**Split / consolidation of Equity Shares in the last one year**

Our Company has not undertaken any split or consolidation of Equity Shares during the last one year from the date of this Information Memorandum.

## SECTION III: RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider all of the information set forth in this Information Memorandum, and the risks and uncertainties described below, before making a decision to invest in the Equity Shares. Any of the following risks, individually or together, could adversely affect our business, financial condition, results of operations or prospects, which could result in a decline in the value of the Equity Shares and the loss of all or part of an investment in the Equity Shares. While we have described the risks and uncertainties that our management believes are material, these risks and uncertainties may not be the only risks and uncertainties we face. Additional risks and uncertainties, including those we currently are not aware of or deem immaterial, may also have an adverse effect on our business, results of operations, financial condition and prospects. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.*

*This Information Memorandum also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Information Memorandum. For further details, see "Forward-Looking Statements" on page 8 of this Information Memorandum. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors below. However, there are risk factors the potential effects of which are not quantifiable and therefore no quantification has been provided with respect to such risk factors. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer, including the merits and the risks involved.*

*While the following section includes material risks in relation to the business operations of our Company, post the Effective Date, for complete details in relation to the pharma business, including the historical performance, previous milestones and risk factors, the disclosures in the section below should be read with the information available on the websites of the Stock Exchanges, and financial statements, investor presentations and corporate disclosures issued by Demerged Company.*

1. **Our pharmaceuticals business is subject to extensive regulation and customer quality audits. If we fail to comply with the applicable regulations prescribed by governments and regulatory agencies, or fail to clear the customer audits, our business, results of operations and financial condition could be adversely affected.**

   We operate in a highly regulated industry and our operations are subject to extensive regulations in each market in which we do business. The penalties for non-compliance with these regulations can be severe, including the revocation or suspension of our business licence, imposition of fines and criminal sanctions in those jurisdictions.

   We have ongoing obligations to regulatory authorities in India and foreign countries where we market and sell our products, such as the Central Drugs Standard Control Organization of India ("**CDSCO**"), Food Safety and Standards Authority of India ("**FSSAI**") and the United Stated Food and Drug Administration ("**USFDA**") with respect to our manufacturing facilities and products, both before and after a product's commercial release. Regulatory agencies may at any time inspect our manufacturing facilities or the quality of our products based on newly developed scientific knowledge and/or tools. If any inspection or quality assessment results in observations/ alerts or sanctions, the relevant regulator may amend or withdraw our existing approvals to manufacture and market our products in such jurisdiction, which could adversely affect our business, financial condition and results of operations.

   If we fail to comply with applicable statutory or regulatory requirements, there could be a delay in the submission or grant of approval for the manufacturing and marketing of new products. Moreover, if we fail to comply with the various conditions subject to which such approvals, licenses, registrations and permissions have been granted, the relevant regulatory body may suspend, curtail or revoke our ability to market such products or impose fines upon us. In the United States, India, and most of the other international markets in which we sell our products, the approval process for a new product is complex, lengthy and expensive. The time taken to obtain approvals varies from country to country, but generally takes between six months and several years from the date of application. If we fail to obtain such approvals, licenses, registrations and permissions, in a timely manner or at all, our business, results of operations and financial condition could be adversely affected. The prices of some of our pharmaceutical products are also subject to price control regulations. Any action against us or our management for violation of any price control regulations could adversely affect our business, prospects, results of operations and financial condition.

Further, our customers also periodically conduct audits on our facilities. If we fail to successfully clear such audits or fail to implement suggestions made by customers, such customers may cease to do business with us which will adversely affect our business, results of operations and financial condition.

2. **Any manufacturing or quality control problems may damage our reputation for quality products and expose us to litigation or other liabilities and we are susceptible to product liability claims that may not be covered by insurance and may require substantial expenditure and may adversely affect our reputation.**

The quality of our products may suffer due to manufacturing defects, inferior quality of raw materials, or defective supply by our contract manufacturers. Such instances may require us to recall our products, delays supply of our products, customer claims, regulatory action or product liability claims. These actions could require us to expend considerable resources in correcting the problems and could adversely affect the demand for our products.

Our involvement in a major product liability claim could damage our reputation and goodwill. Further, we would incur substantial litigation costs and the adverse outcome of any such claims, such as penalties, remediation, replacement of products would adversely affect our cash flow and financial statements and also divert management's time, thereby adversely affecting our results of operations and productivity. Any loss of our reputation or brand image for whatever reason may lead to a loss of existing business contracts and adversely affect our ability to enter into such contracts in the future.

Further, we may not have taken insurance or may not have vendor extension covers from our partners' insurance policies in the countries to which we export our products. A successful product liability claim that is excluded from coverage or exceeds our policy limits may require us to pay substantial sums and may adversely affect our financial position and results of operations. In addition, insurance coverage for product liability may become prohibitively expensive in the future. If any product liability claim which is not covered by insurance or exceeds the policy limits is to be sustained, it could adversely affect our business, financial condition and results of operations. This risk is likely to increase as we enter new markets and develop our own new-patented products in addition to making generic versions of drugs that have been in the market for some time.

3. **Any delay in production at, or shutdown of, any of our manufacturing facilities or any of the third-party manufacturing facilities we use, could adversely affect our business, results of operations and financial condition**.

Our business including our manufacturing activities and, launch of products heavily depends on, among various other things, the productivity of our workforce, compliance with regulatory requirements and the efficiency of our manufacturing process. Disruptions in our manufacturing activities, including natural or man-made disasters, workforce disruptions, regulatory approval delays, fire or the failure of machinery, could delay production or require us to shut down the affected manufacturing facility.

We use highly flammable materials such as acetone, ethanol, methanol and toluene in our manufacturing processes and are therefore subject to the risk of loss arising from fire or explosions. Although we have implemented industry acceptable risk management controls at our manufacturing locations and continuously seek to upgrade them, the risk of fire or explosion associated with these materials cannot be completely eliminated. Moreover, some of our products are permitted to be manufactured at only those facilities that have received specific approvals, and any shut down of such facilities will result in us being unable to manufacture such products for the duration of such shut down. Such an event may result in delays to the launch of our products and our inability to meet with our contractual commitments, which will have an adverse effect on our business, results of operations and financial condition.

Any interruption at our manufacturing facilities, including natural or man-made disasters, workforce disruptions, regulatory approval delays, fire or the failure of machinery, disruptions of supply from our contract manufacturers could reduce our ability to meet the demand under our contracts for the affected period, which could affect our business, prospects, results of operations and financial condition.

4. **Any shortfall in the supply of our raw materials or an increase in raw material costs or other input costs may adversely impact the pricing and supply of our products and have an adverse effect on our business**.

Raw materials (including packaging materials) are subject to supply disruptions and price volatility caused by various factors, including commodity market fluctuations, the quality and availability of supply, currency fluctuations, consumer demand, changes in government programs and regulatory sanctions. Substantially all of our raw materials are purchased from third parties. Our suppliers may be unable to provide us with a sufficient quantity of our raw materials at a suitable price for us to meet the demand for our products. The available amounts of raw materials may not be adjusted in response to increasing demand for our products in certain circumstances or; our suppliers may choose to supply the raw materials to our competitors instead of us. There is a risk that one or more of these existing suppliers could discontinue their operations, which could adversely impact our ability to source raw materials at a suitable price and meet our order requirements. Any increase in raw material prices will result in corresponding increases in our product costs.

We also import some of our raw materials and the equipment used in our manufacturing facilities and are subject to risks related to currency fluctuations, global logistics disruptions and other factors. A failure to maintain our required supply of raw materials and equipment could adversely affect our ability to deliver our products to customers in an efficient, reliable and timely manner and adversely affect our business, prospects, financial condition and results of operations.

5. **We participate in a competitive tender process for supply to various government agencies, private entities and institutions. We may not successfully obtain tenders in the future and the tenders which we have successfully obtained may be withdrawn in the future and this could adversely impact our revenues and profitability.**

We participate in a competitive tender process for supply to various government agencies, private entities and institutions. Pricing is a key factor in the tender process, and we may face challenges in participating in a tender process and having to manage our tender price due to internal budgets. If we are unable to win tenders, our future revenues and profitability may suffer. Additionally, for any reason, if we are disqualified from the tender process by a government agency, we may automatically be disqualified by other central and state government agencies. This may impact our business operations and growth.

6. **If we infringe the patents of other entities, our business may be adversely affected**.

We operate in an industry characterized by patent litigation. Patent litigation can result in damages being awarded and injunctions that could prevent the manufacture and sale of certain products or require us to pay royalties in order to continue to manufacture or sell such products. While it is not possible to predict the outcome of patent litigation, we believe any adverse result of such litigation could include an injunction preventing us from selling our products or payment of damages or royalty, which would affect our ability to sell current or future products or prohibit us from enforcing our patent and proprietary rights against others.

There can be no assurance that we will not be involved in any patent litigation in the future. In the event that we become involved in any patent litigation, our business, financial condition and results of operations could be adversely affected.

7. **Our performance may be adversely affected if we are not successful in assessing the demand for our services, products and managing our inventory.**

We evaluate our production requirements based on anticipated demand for our products. Our inventory balance of materials is influenced by our production requirements, shelf life of the raw materials, expected sourcing levels and changes in our product sales mix.

It is important for us to anticipate demand for our services and products. Any failure to anticipate, identify, interpret and react on the basis of anticipated/ desired demand or our failure to generate consumer acceptance or recognition of our new products, could lead to, among others, reduced demand for our products and services, which can adversely affect our results of operations.

Efficient inventory management is also a component of the success of our business, results of operations and profitability. To be successful, we must maintain sufficient inventory levels to meet demand for our products, without allowing those levels to increase to such an extent that the costs associated with storing and holding the inventory adversely affects our results of operations. If we do not predict the demand for our products accurately before procuring raw materials, we may not be able to manufacture products to serve the demand due to shortage of raw materials resulting in us having to cede our market share to competitors, or would have to take unanticipated markdowns or impairment charges to dispose of the excess or obsolete inventory, which can adversely affect our results of operations. Our results of operations and financial conditions may be impacted by seasonal variations.

**8. We are dependent on our key customers and our key products.**

A significant portion of our total sales are derived from sales to few key customers or from sales of few products. We cannot assure that our competitors will not offer better terms or prices in their product offerings. Accordingly, there is no assurance that our customers will not turn to our competitors to purchase their products or to engage their services. In the event these customers stop or decrease the quantity of purchase of products from us, our business, financial condition and results of operations could be adversely affected.

**9. We are subject to range of safety, health and environment related legislations.**

We are subject to a broad range of safety, health, environmental, labour and related laws and regulations in the jurisdictions in which we operate, which impose controls on the disposal and storage of raw materials, noise emissions, air and water discharges, on the storage, handling, discharge and disposal of chemicals and other aspects of our operations. For example, local laws in India limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of raw materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. In addition, we may be required to incur costs to remedy the damage caused by such discharges, pay fines or other penalties for non-compliance. Complying with, and changes in, these laws and regulations may increase our compliance costs and adversely affect our business, prospects, results of operations and financial condition. Furthermore, non-compliance with the limits prescribed by the relevant laws and regulations may lead to the suspension of our manufacturing licenses, which will halt production and adversely affect our business operations.

**10. We face the threat of fraud and cyber-attacks, such as hacking, phishing, trojans and advanced persistency threats, attempting to exploit our network to disrupt services to customers and/or theft of sensitive internal data or customer information. This may cause damage to our reputation and adversely impact our business and financial results.**

Our systemic and operational controls may not be adequate to prevent adverse impact from frauds, errors, hacking and system failures. Further, our computer systems may be open to being hacked or compromised by third parties, resulting in thefts and losses to our customers and us. Some of these cyber threats from third parties include hacking, phishing, trojans and advanced persistency threats. If we suffer from any of such cyber threats, it could materially and adversely affect our business, financial condition and results of operations.

A significant system breakdown or system failure caused due to intentional or unintentional acts would have an adverse impact on our revenue-generating activities and lead to financial loss.

**11. Each of our business is competitive, which creates pricing pressures for us to retain existing customers and solicit new business, and to compete effectively.**

Our products and services face competition from products and services commercialized or under development by competitors. We compete with local companies in India, multi-national corporations and companies in other countries in which we operate. If our competitors gain significant market share at our expense, particularly in the areas and products in which we are focused, our business, results of operations and financial condition could be adversely affected. Many of our competitors may have greater financial, manufacturing, research and development, marketing and other resources, more experience in obtaining regulatory approvals, greater geographic reach, broader product ranges and stronger sales forces. Our competitors may succeed in developing products that are more effective, more popular or cheaper than any of the products that we may develop, which may render our products obsolete or uncompetitive and adversely affect our business and financial condition.

12. **We cannot assure you that we will be able to manage and maintain our growth effectively or successfully execute our growth strategies, which could affect our operations, results, financial condition and cash flows.**

    Our growth strategy includes growing our market share across products and geographies, adding new capabilities and adding new customers. Our ability to sustain and manage our growth depends significantly upon our ability to manage our team, maintaining effective risk management policies, continuing to offer products and services which are relevant to our consumers, developing and maintaining our manufacturing facility and ensuring a high standard of product quality. Our failure to do any of the these could adversely affect our business, results of operations and financial condition.

13. **We may require additional financing for our business operations, including for our Subsidiaries, and the failure to obtain additional financing on terms commercially acceptable to us may adversely affect our ability to grow and our future profitability. Further, fluctuations in interest rates could adversely affect our results of operations**.

    We may require additional capital for our business operations. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes. To the extent our planned expenditure requirements exceed our available resources; we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest costs.

    Our failure to renew arrangements for existing funding or to obtain additional financing on acceptable terms and in a timely manner could adversely impact our ability to incur capital expenditure, our business, results of operations and financial condition.

14. **Our success depends on our ability to retain and attract key qualified personnel and operational staff and if we are not able to retain them or recruit additional qualified personnel, we may be unable to successfully develop our business.**

    Our business and operations are led by a qualified, experienced and capable management team, the loss of whose services might delay or prevent the achievement of our business objectives. We face attrition in our businesses from time to time. If we lose the services of any of the members of the management team or key personnel, we may be unable to identify suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could adversely affect our business operations and affect our ability to continue to manage and expand our business. Furthermore, as we expect to continue to expand our operations and develop new products, we will need to continue to attract and retain experienced management, key research and development and other qualified personnel. In the event that we are unable to hire replacements in a timely manner or at all, our business operations and financial conditions may be adversely affected.

15. **Our international operations expose us to complex management, legal, tax and economic risks, including currency fluctuations, which could adversely affect our business, results of operations and financial condition.**

    Significant part of our business comes from international markets. We are thus exposed to exchange rate fluctuations due to the revenue that we receive, raw materials that we purchase and our financing arrangements that are denominated in currencies other than the Indian Rupee. Whilst we have entered into derivative instruments like ‘Forward Exchange Contracts’ for partial or full hedging purposes, there is no assurance that we will not incur any losses due to currency fluctuations in the future.

The accounting standards, tax laws and other fiscal regulations in the jurisdictions we operate in are subject to change. The degree of uncertainty in tax laws and regulations, combined with penalties for default and a risk of action by various government or tax authorities, may result in our tax risks being higher than expected. Any of the above may result in an adverse effect on our business and financial condition.

The country, regional and political risks specific to a particular jurisdiction in which we do business are also components of credit risks. Economic or political pressures in these countries, including those arising from local market disruptions or currency crisis, may affect our business, financial condition and results of operations.

**16. Difficulties in integration of any businesses in our recent or any future acquisitions could result in operating difficulties and adversely affect our business, results of operations and financial condition.**

As part of the growth strategy of our core businesses, we seek to rely on inorganic growth and intend to continue to evaluate potential acquisition opportunities. We have, in the past, evaluated and executed acquisitions in India and abroad. Acquiring companies or assets based out of India involves risks, including those related to integrations of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries. Additionally, the anticipated benefit of many of our future acquisitions may not materialize. If we are unsuccessful in integrating an acquired company or asset, our business, financial condition and results of operations may be adversely affected.

Identifying suitable acquisition opportunities can be difficult, time consuming and costly. Our inability to identify suitable acquisition opportunities, reach agreements with such parties or obtain the financing necessary to make such acquisitions in time or at all could adversely affect our future growth.

**17. The insurance coverage taken by the Company may not be adequate to protect against certain business risks and this may have an adverse effect on the business operations.**

The Company's insurance coverage is likely to cover all normal risks associated with the operation of the business but there can be no assurance that any claim under the insurance policies maintained by the Company will be honoured fully or in part or on a timely basis. To the extent that the Company suffers loss or damage that is not covered by insurance or exceeds its insurance coverage, the Company's financial performance and cash flow may be adversely affected.

**18. Failure to maintain confidential information of our customers could adversely affect our results of operations and damage our reputation.**

We are required to keep confidential certain details of our customers. In the event of any breach or alleged breach of our confidentiality arrangements with our customers, these customers may initiate litigation against us for breach of confidentiality obligations. Moreover, if our customers' confidential information is misappropriated by us or our employees, our customers may seek damages and compensation from us. Claims of misappropriation of confidential information or the intellectual property of our customers against us, if successful, could have a material adverse effect on our business, financial condition and results of operations. Even if such claims against us are unsuccessful, they may cause reputational harm and substantial cost.

**19. Our inability to commercialize new products and preparedness to the changes in technology may have an adverse effect on our business revenues, market share impacting our operations and financial condition.**

Our success depends on our ability to timely commercialize our new products under development. Commercialization requires us to successfully develop, test, manufacture and obtain the required regulatory & customer approvals for our products, while complying with applicable regulatory and safety standards. In order to develop a commercially viable product, we must demonstrate, through extensive developmental studies that the products are safe and effective for use. Our products currently under development, if and when fully developed and tested, may not perform as we expect or in case necessary regulatory approvals may not be obtained in a timely manner, then we may not be able to successfully and profitably produce and market such products.

Our industry is rapidly changing due to technological advances and scientific discoveries which has resulted in the frequent introduction of new products and significant price competition. If our competitors upgrade with the new technologies this can lead to us being non-competitive in terms of cost, reduction in market share and in turn our business, results of operations and financial condition may be adversely affected.

**20. If we do not maintain and increase the number of our arrangements for the marketing and distribution of our products, our business, financial condition and results of operations could be adversely affected.**

We may market our activities and conduct our sales through distributors and agents in India or overseas. We cannot assure you that we will be able to maintain or improve our relationships with distributors. We may also compete for distributors with other leading pharmaceutical companies that may have more visibility, greater brand recognition and financial resources and a broader product portfolio than us, or provide greater incentives to distributors. As such, we cannot assure you that we will be able to find and engage suitable distributors. Our inability to do so may adversely affect our business, financial condition and results of operations. We have limited control over the operations of our distributors. In markets where we depend on distributors, we may be subject to risks such as (i) not being able to control the amount and timing of resources that they may devote to marketing, selling or distributing our products, (ii) them selling or distributing our products outside their designated territory, (iii) them making important marketing and other commercial decisions concerning our products without our input, (iii) their financial difficulties, and (iv) significant changes in their business strategies that may adversely affect their willingness or ability to fulfil their obligations to us.

While our agreements with them may contain provisions prohibiting such activities, we cannot assure you that such events will not occur. Our reliance on, and inability to control, our distributors could lead to disruptions to the marketing, selling or distribution of our products and potentially harm our reputation. Such occurrences may adversely affect our business, financial condition, results of operations and our relationship with such distributors.

**21. The availability of counterfeit drugs, such as drugs passed off by others as our products, could adversely affect our goodwill and results of operations.**

Entities in India and abroad could pass off their own products as ours, including counterfeit or pirated products. For example, certain entities could imitate our brand name, packaging materials or attempt to create look-alike products. As a result, our market share could be reduced due to replacement of demand for our products and adversely affect our goodwill. We have also invested in our products to prevent counterfeit versions of our products from being distributed in the markets. Such measures include, monitoring products in the market and initiating actions against counterfeiters, each of which entails incurring costs at our end. The proliferation of counterfeit and pirated products, and the time and attention lost to defending claims and complaints about counterfeit products could have an adverse effect on our goodwill and our business, prospects, results of operations and financial condition could suffer.

**22. Our inability to collect receivables and default in payment from our customers could result in the reduction of our profits and affect our cash flows.**

We provide our customers with certain credit periods, as part of our standard payment terms. While we generally limit the credit we extend to our customers based on their financial condition and payment history, we may still experience losses because of a customer being unable to pay. As a result, there is a risk that our estimates may not be accurate. Any increase in our receivable turnover days or write-offs will negatively affect our business. If we are unable to collect customer receivables or if the provisions for doubtful receivables are inadequate, it could have a material adverse effect on our business, financial condition and results of operations.

**23. We are subject to the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws, which impose restrictions and may carry substantial penalties.**

The U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. These laws may require not only accurate books and records, but also sufficient controls, policies and processes to ensure business is conducted without the influence of bribery and corruption. Our policies mandate compliance with these anti-bribery laws, which often carry substantial penalties including fines, criminal prosecution and potential debarment from public procurement contracts. Failure to comply may also result in reputational damages.

We operate in certain jurisdictions that experience governmental corruption to some degree or are found to be low on the Transparency International Corruption Perceptions Index and, in some circumstances, anti-bribery laws may conflict with some local customs and practices. In addition, in many lessdeveloped markets, we work with third-party distributors and other agents for the marketing and distribution of our products. Although our policies prohibit these third parties from making improper payments or otherwise violating these anti-bribery laws, any lapses in complying with such anti-bribery laws by these third parties may adversely impact us. Business activities in many of these markets have historically been more susceptible to corruption. If our efforts to screen third-party agents and detect cases of potential misconduct fail, we could be held responsible for the noncompliance of these third parties under applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act.

Compliance with the U.S. Foreign Corrupt Practices Act and other anti-bribery laws has been subject to increasing focus and activity by regulatory authorities in recent years. Actions by our employees, or third party intermediaries acting on our behalf, in violation of such laws, whether carried out in the United States or elsewhere, may expose us to liability for violations of such anti-bribery laws and accordingly may have a material adverse effect on our reputation and our business, financial condition or results of operations.

**24. If we are unable to raise additional capital, our business, results of operations, financial condition and cash flows could be adversely affected.**

We will continue to incur significant expenditure in maintaining and growing our existing infrastructure. We cannot assure you that we will have sufficient capital for our current operations or any future expansion plans that we may have. While we expect our cash on hand and cash flow from operations to be adequate to fund our existing commitments, our ability to incur any future borrowings is dependent upon the success of our operations. Additionally, the inability to obtain sufficient financing could adversely affect our ability to complete expansion plans. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. Any unfavorable change to terms of borrowings may adversely affect our cash flows, results of operations and financial conditions. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations, financial condition and cash flows could be adversely affected.

**25. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures and the terms of our financing arrangements.**

There can be no assurance that we will pay dividends in the future. The declaration of dividends would be recommended by our Board of Directors, at its sole discretion, and would depend upon a number of factors, including Indian legal requirements, our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. Our business is working capital intensive. Additionally, we may be restricted by the terms of our debt financing, if any, from making dividend payments in certain circumstances.

**26. Our business operations are subject to various laws and regulations and require us to obtain and renew certain registrations, licenses and permits from government and regulatory authorities in India and overseas and the failure to obtain and renew them in a timely manner may adversely affect our business operations.**

Our business operations are subject to various laws and regulations and require us to obtain and renew from time to time, certain approvals, licenses, registrations and permits, some of which may have expired and we have made or are in the process of making applications to obtain such approval or its renewal. For e.g. we are in the process of making applications for transfer of the licenses for the manufacturing unit at Mahad in the name of the Company. We cannot assure you that we will have obtained all approvals or be able to obtain all approvals for which applications have been made including renewals in a timely manner or at all. In the event we are not able to obtain such license and registration, our business and growth strategy may be adversely impacted. Further, we may be unable to fulfil all the terms and conditions set out in our licenses and registrations. Failure by us to comply with the terms and conditions may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

27. **We are party to certain legal proceedings and any adverse outcome in these or other proceedings may adversely affect our business.**

    We are involved, from time to time, in legal proceedings that are incidental to our operations and involve suits filed by and against our Company involving various parties. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals across the country. A degree of judgment is required to assess our exposure in these proceedings and determine the appropriate level of provisions, if any. There can be no assurance on the outcome of the legal proceedings or that the provisions we make will be adequate to cover all losses we may incur in such proceedings, or that our actual liability will be as reflected in any provision that we have made in connection with any such legal proceedings. For details of legal proceedings involving our Company and our Promoter, see "*Outstanding Litigation and Material Developments*" on page 343. We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. If a number of these disputes are determined against our Company and if our Company is required to pay all or a portion of the disputed amounts or if we are unable to recover amounts for which we have fled recovery proceedings, there could be a material and adverse impact on our reputation, business, financial condition and results of operations. Legal proceedings in relation to intellectual property rights owned/licensed to the Company could also impact the Company ability to use such intellectual property rights for its business and thereby impact the Company's business.

28. **Certain of our records and data pertaining to our financial operations, legal records and personnel data were destroyed in a fire at one of our offices in Mumbai. The disclosures in this document may not completely reflect all of the information to the extent destroyed by the fire and not available with us at this time.**

    We maintained records relating to finance, legal and secretarial information of our Company and personnel information at our offices located at Centre Point, Parel, Mumbai. In October, 2004, a fire broke out destroyed this premise. While there was no loss of life or major injuries to any of our employees in the fire, all our records stored at this location were destroyed including forms filed with the RoC and we do not have copies of these records. The disclosures made in this document are limited to the extent of the documents we currently possess. Despite having conducted an extensive search, we have not been able to retrieve these records. While we continue to conduct a search for such records, we cannot assure you that such records will be available in the future.

29. **Our Company may be subject to inspections, investigations, fines and penalties by SEBI and other regulators including pharma sector/healthcare sector regulators as the case may be. Any regulatory investigations, fines and requirements relating to conduct of business could affect our business and financial results.**

    Our Company may be subject to inspections, inquiries and investigations by various regulators including pharma sector/healthcare sector regulators. The regulators may issue various observations in relation to the inspections conducted by them, including for non-compliance of applicable provisions of certain rules and regulations applicable to our Company and may issue show cause notices or levy penalties on our Company. Further, if one or more of such inspections, investigations or cases leads to a significant award or penalty, it could affect our business and financial results.

30. **We are yet to receive certain registrations in connection with the protection of our intellectual property rights. Such failure to protect our intellectual property rights could adversely affect our competitive position, business, financial condition and profitability.**

We are yet to receive certain registrations in connection with the protection of our intellectual property rights. The registration of any intellectual property right is a time consuming process, and there can be no assurance that any such registration will be granted. Any delays in protecting our intellectual property rights could adversely affect our competitive position, business, financial condition and profitability.. In the absence of such registration, competitors or other companies may challenge the validity or scope of our intellectual property. Unless our trademarks are registered, we may only get passing off relief for our trademarks, if used by others, which could materially and adversely affect our brand image, goodwill and business. Similarly, in case our patents are rejected, our competitors may start marketing the products resulting in us losing out on market share and first mover protection, which could adversely affect our competitive position, business, financial condition and profitability. If we are unable to obtain and maintain patent protection for our current or any future products, or if the scope of the patent protection obtained is not sufficiently broad, we may not be able to compete effectively in our markets. Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by government patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Further, if any of our unregistered trademarks are registered in favour of a third party, we may not be able to claim ownership of such trademarks, and consequently, we may be unable to seek remedies for infringement of those trademarks by third parties. Our inability to obtain or maintain these registrations may adversely affect our competitive business position and we may not be able to use these trademarks to commercialize our technologies or products in certain markets or contexts.

31. **If we fail to deliver our products and services per our contractual obligations to our customers, our Company could be subject to significant costs or liability and its reputation could be harmed.**

If we were to materially delay or err in the delivery of our products or services, it could be subject to contract terminations as well as liability for damages that clients may sustain because of our errors and/or omissions. In such event, we could suffer material financial losses and/or reputational damage, which could materially and adversely affect its results of operations and financial condition.

32. **Current and future proposed laws and regulations regarding the protection of personal data could result in increased risks of liability or increased cost to us or could limit our Company's service offerings.**

The confidentiality, collection, use and disclosure of personal data are subject to governmental regulation generally in the country that the personal data were collected or used. The current and future proposed laws and regulations regarding the protection of personal data could result in increased risks of liability or increased cost to us or could limit our Company's service offerings. Further, failure to comply with such rules could subject us to regulatory sanctions, criminal prosecution or civil liability.

**EXTERNAL RISK FACTORS**

33. **Recent global economic and political conditions have been challenging and continue to affect the Indian market, which may adversely affect our business, financial condition, results of operations and prospects.**

In the event of adverse macroeconomic conditions in India or globally, which may be characterized by higher unemployment, lower household income, lower corporate earnings, lower business investment, higher inflation and lower consumer spending, the demand for insurance products could be adversely affected. The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the economic downturn in the U.S. and several European countries during a part of Fiscal 2008 and 2009 adversely affected market prices in the global securities markets, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of our Equity Shares. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the countries in which we operate is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates and outbreak of an infectious disease, such as the COVID-19 pandemic.

Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our equity shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

**34. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, across the multiple jurisdictions we operate in, may adversely affect our business and financial performance.**

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the application, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our businesses in the future.

**35. There is no prior trading history for the Equity Shares and further significant trading volumes of the Equity Shares on the Stock Exchanges on listing could impact the price of our Company's Equity Shares.**

Since the Equity Shares have not been previously traded, their market value is uncertain. Following admission, the market price of the Equity Shares may be volatile. Our Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. At the same time, market conditions may affect the price of our Company's Equity Shares regardless of the operating performance of our Company. Stock market conditions are affected by many factors, such as general economic and political conditions, terrorist activity, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards the retail market and the supply and demand of capital.

Following admission of our Equity Shares for trading on the Stock Exchanges, there may be a period of relatively high volume trading in the Equity Shares. A high volume of sales of our Equity Shares on the Stock Exchanges after admission, or the perception that these sales might occur, could result in volatility in the market price of our Equity Shares.

**36. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results**

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time taken for such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Shareholders. For example, the exchange rate between the Indian Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

**37. Any downgrading of India's sovereign debt rating by an international rating agency could have a negative impact on our business and results of operations.**

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

**38. Financial instability in other countries may cause increased volatility in Indian financial markets**

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, United States, United Kingdom, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

**39. Our ability to raise foreign capital may be constrained by Indian law.**

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

**40. A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law**

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of Takeover Regulations.

**41. Any future issuance of the Equity Shares may further dilute your shareholding and sales of the Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.**

Any future equity issuances by us, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of the Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

## SECTION IV: INTRODUCTION

## GENERAL INFORMATION

Piramal Pharma Limited was incorporated on March 4, 2020 at Mumbai as a public limited company under the Companies Act, and was granted the certificate of incorporation by the RoC. For further details, see "*History and Certain Corporate Matters*" on page 74.

**Registered Office of our Company**
Gr. Flr., Piramal Ananta, Agastya Corp. Park, Kamani Junction, LBS Marg, Kurla, Mumbai – 400 070, Maharashtra, India
Tel: +91 22 3802 3000/4000
Fax: +91 +91 22 2281 1977
CIN: U24297MH2020PLC338592

**Address of the Registrar of Companies**

Our Company is registered with the Registrar of Companies, Mumbai situated at the following address:

**Registrar of Companies, Mumbai**
Ministry of Corporate Affairs
"Everest", 5th Floor, 100,
Marine Drive, Mumbai 400 002, Maharashtra, India
Tel: +91 22 2281 2627/2202 0295/2284 6954
Fax: +91 22 2281 1977

**Board of Directors**

The following table sets out the current details regarding our Board as on the date of filing of this Information Memorandum:

| Name | DIN | Designation | Address |
|---|---|---|---|
| Nandini Piramal | 00286092 | Chairperson | 96, Karuna Sindhu, Khan Abdul Gaffar Khan Road, Worli, Worli Sea Face, Mumbai- 400018 |
| Peter DeYoung | 07152550 | Executive Director | 96, Karuna Sindhu, Khan Abdul Gaffar Khan Road, Worli, Worli Sea Face, Mumbai- 400018 |
| Vivek Valsaraj | 06970246 | Executive Director and Chief Financial Officer | Flat No.C -1403/04, 14th Floor, Tribeca Building, Hiranandani Estate, Ghodbunder Road, Patalipada, Thane (West) - 400607, Maharashtra |
| Neeraj Bharadwaj | 01314963 | Non- Executive Director | A-187, New Friends Colony, South Delhi, New Delhi 110065 |
| S. Ramadorai | 00000002 | Independent Director | Flat No. 1, Wyoming, Little Gibbs Road, Malabar Hill, Mumbai – 400006 |
| Jairaj Purandare | 00159886 | Independent Director | 1, Lalit, 37, Nathanlal Parekh Marg, Mumbai 400001 |
| Peter Stevenson | 09544706 | Independent Director | 2200 North Ocean Blvd, Unit S-1001 Fort Lauderdale, FL 33305, USA |
| Sridhar Gorthi | 00035824 | Independent Director | 1002, 10th Floor, June Blossoms, Manuel Gonsalves Road, Near Saint Peters Church, Bandra (West), Mumbai – 400050 |
| Nathalie Leitch | 09557042 | Non- Executive Director | 1110 Hudson St., 5N, Hoboken, NJ 07030 |
| Vibha Paul Rishi | 05180796 | Independent Director | Flat No. CM-519B, The Camellias, Golf Course Road, DLF Phase – 5, Galleria DLF IV, Gurgaon, Haryana, India - 122009 |

For further details of our Directors, see the section titled "*Our Management*" on page 80.

**Designated Stock Exchange**

The designated stock exchange is BSE.

**Demat Credit**

Our Company has executed tripartite agreements with the Registrar and Share Transfer Agent and the Depositories i.e., NSDL and CDSL, respectively, for admitting our Company's Equity Shares in dematerialised form and has been allotted ISIN INE0DK501011.

**Company Secretary and Compliance Officer**

Tanya Sanish is the Company Secretary and Compliance Officer of our Company. Her contact details are as follows:

Email: tanya.dcosta@piramal.com
Tel: +91-022 38023000

**Statutory Auditors**

M/s. Deloitte Haskins & Sells LLP
Rupen K. Bhatt, Partner
Tel: +91 22 6185 5280
Fax: +91 22 6185 4101
Email: rkbhatt@deloitte.com
Firm Registration Number: 117366W/W-100018
Peer review number: 01317

**Registrar and Share Transfer Agent**

**Link Intime India Private Limited**
Shweta Poojari
Associate-Client Relation
Tel: 022-49186000
Fax: 022-49186060
Email: shweta.poojari@linkintime.co.in
Investor Grievance Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shweta Poojari
SEBI Registration: INR000004058

**Legal Advisor to the Company**

**Cyril Amarchand Mangaldas**
5th floor, Peninsula Chambers,
Peninsula Corporate Park,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai, 400 013
**Tel:** +91 22 6662 8566/60

## CAPITAL STRUCTURE

Equity Share capital of our Company prior to the consummation of the Scheme is as set forth below:

| Particulars | Amount (in ₹) |
|---|---|
| **Authorised Share Capital** | |
| 150,00,00,000 Equity Shares of face value of Rs. 10 each | 1500,00,00,000 |
| 10,00,00,000 compulsorily convertible preference shares of face value of Rs. 10 each | 100,00,00,000 |
| **TOTAL** | **1600,00,00,000** |
| **Issued, Share Capital** | |
| 118,59,13,506 equity shares of face value of Rs. 10 each fully paid | 1185,91,35,060 |
| **TOTAL** | **1185,91,35,060** |
| **Securities Premium** | 3,725.18 crores |

Equity Share capital of our Company upon consummation of the Scheme is as set forth below:

| Particulars | Amount (in ₹) |
|---|---|
| **Authorised Share Capital** | |
| 262,90,00,000 equity shares of Rs. 10 each | 2629,00,00,000 |
| 35,00,00,000 compulsorily convertible preference shares of Rs. 10 each | 350,00,00,000 |
| 2,10,00,000 unclassified shares of Rs. 10 each | 21,00,00,000 |
| **Total** | **3000,00,00,000** |
| **Issued, Subscribed and Paid-up Share Capital** | |
| 119,33,18,500[(1)] equity shares of Rs. 10 each fully paid up | 1193,31,85,000 |
| **TOTAL** | **1193,31,85,000** |
| **Securities Premium** | 3,725.18 crores |

*(1) Pursuant to the Scheme, 95,46,54,800 Equity Shares were issued and allotted to the shareholders of Demerged Company as per the Share Entitlement Ratio as consideration for the Demerger*

1. **Changes in the Authorised Capital**

Set out below are the changes in the authorised capital since the incorporation of our Company.

| Effective Date | Particulars |
|---|---|
| June 20, 2020* | The authorized share capital of Rs.10,00,000 divided into 100,000 Equity Shares of Rs. 10 each was increased to Rs.1,00,10,00,000 divided into 10,01,00,000 Equity Shares of Rs. 10 each |
| September 10, 2020* | The authorised share capital of Rs. 1,00,10,00,000 divided into 10,01,00,000 Equity Shares of Rs. 10 each was increased to Rs. 1600,00,00,000 divided as follows:<br>a. Rs. 1500,00,00,000 divided into 150,00,00,000 Equity Shares of Rs. 10 each; and<br>b. Rs. 100,00,00,000 divided into 10,00,00,000 Compulsorily Convertible Preference Shares of Rs. 10 each. |
| August 18,2022 | The authorised share capital of Rs. 1,600,00,00,000 divided into 150,00,00,000 Equity Shares of Rs. 10 each and 10,00,00,000 Compulsorily Convertible Preference Shares of Rs. 10 each was increased to Rs. 3000,00,00,000 divided as follows:<br>a. Rs. 2629,00,00,000 divided into 262,90,00,000 Equity Shares of Rs. 10/- each;<br>b. Rs. 350,00,00,000 divided into 35,00,00,000 Preference Shares of Rs. 10/- each; and<br>c. Rs. 21,00,00,000 divided into 2,10,00,000 unclassified shares of Rs. 10/- each |

** Form SH-7 was filed with the RoC on July 16, 2020 and September 22, 2020, respectively.*

**Notes to the Capital Structure**

2. **Share Capital History of our Company**

a. The history of the Equity Share capital of our Company is provided in the following table:

- **EQUITY SHARES**

| Date of Allotment | No. of Equity Shares Allotted | Face value (₹) | Issue Price per Equity Share (₹) | Nature of Consideration | Nature of Allotment | Cumulative number of Equity Shares |
|---|---|---|---|---|---|---|
| March 4, 2020 | 10,000 | 10.00 | 10.00 | Cash | Initial subscribers to the Memorandum of Association[(1)] | 10,000 |
| October 5, 2020 | 78,50,00,000 | 10.00 | 10.00 | Cash | Allotment of Equity Shares pursuant to rights issue[(2)] | 78,50,10,000 |
| October 6, 2020 | 20,95,92,064 | 10.00 | 173.36 | Cash | Allotment of Equity Shares pursuant to preferential issue[(3)] | 99,46,02,064 |
| October 1, 2021 | 96,57,423 | 10.00 | 613.00 | Consideration other than cash | Allotment of Equity Shares pursuant conversion of loan[(4)] | 1,00,42,59,487 |
| October 1, 2021 | 39,88,262 | 10.00 | 188.05 | Consideration other than cash | Allotment of Equity Shares pursuant to Conversion of Compulsorily Convertible Preference Shares[(5)] | 1,00,82,37,749 |
| October 4, 2021 | 17,76,65,757 | 10.00 | N.A. | Consideration other than cash | Allotment of Equity shares pursuant to bonus issue[(6)] | 1,18,59,13,506 |
| September 5, 2022 | 94,72,49,806 | 10.00 | N.A. | - | Cancellation of Equity Shares[(7)] | 23,86,63,700 |
| September 5, 2022 | 95,46,54,800 | 10.00 | N.A. | Consideration other than cash | Allotment of Equity shares pursuant to the Scheme[(8)] | 119,33,18,500 |

(1) *Nandini Piramal, Peter DeYoung, Vivek Valsaraj, Honnesh Somanahalli, Bipin Singh and Tanya Sanish as nominees of PEL.*

(2) *Allotment of 78,50,00,000 Equity Shares to PEL.*

(3) *Allotment of* 1,06,71,651 Equity Shares to PEL and *19,89,20,413 Equity Shares to CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) ("**Carlyl**e").*

(4) *Allotment of 96,*57,423 *Equity Shares to PEL.*

(5) *Allotment of 39,*88,262 *Equity Shares to Carlyle.*

(6) *Allotment of* 17,76,65,757 *Equity Shares to PEL, Nandini Piramal, Peter DeYoung, Vivek Valsaraj, Honnesh Somanahalli, Bipin Singh and Tanya Sanish as nominees of PEL, and Carlyle.*

(7) *Cancellation of 94,72,49,806 Equity Shares held by PEL, and Nandini Piramal, Peter DeYoung, Vivek Valsaraj, Honnesh Somanahalli, Bipin Singh and Tanya Sanish as nominees of PEL pursuant to the Scheme.*

(8) *Allotment of* 95,46,54,800 *Equity Shares to the eligible shareholders of PEL as on the demerger record date fixed for the purpose i.e. September 1, 2022, pursuant to the Scheme.*

- **COMPULSORILY CONVERTIBLE PREFERENCE SHARES ('CCPS')**

| Date of Allotment | No. of CCPS Allotted | Face value (₹) | Issue Price per CCPS (₹) | Nature of Consideration | Nature of Allotment | Cumulative number of CCPS |
|---|---|---|---|---|---|---|
| October 6, 2020 | 7,50,00,000 | 10.00 | 10.00 | Cash | Allotment of CCPS [(1)] | 7,50,00,000 |
| October 1, 2021 | 7,50,00,000 | - | - | - | Conversion of CCPS into Equity Shares | - |

[(1)] *Allotment of* 7,50,00,000 *CCPS to to CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments)*

3. **Issue of Shares for consideration other than cash**

a. Our Company has not issued any Equity Shares out of revaluation of reserves or unrealized profits.

b. Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Information Memorandum, except as set forth below:

| Date of Allotment | No. of Equity Shares Allotted | Face Value per Equity Share (Rs.) | Premium per Equity Share (Rs.) | Nature of Allotment | Nature of consideration |
|---|---|---|---|---|---|
| October 1, 2021 | 96,57,423 | 10 | 603.00 | Allotment of Equity Shares pursuant to conversion of loan into equity shares | Consideration other than cash |
| October 1, 2021 | 39,88,262 | 10 | 178.05 | Allotment of Equity Shares pursuant to Conversion of Compulsorily Convertible Preference Shares into Equity Shares | Consideration other than cash |
| October 4, 2021 | 17,76,65,757 | 10 | N.A. | Allotment of Equity shares pursuant to Bonus Issue | Consideration other than cash |
| September 5, 2022 | 95,46,54,800 | 10 | N.A. | Allotment of Equity Shares pursuant to the Scheme | Consideration other than cash |

4. **History of the Equity Share Capital held by our Promoter**

Upon consummation of the Scheme, our Promoter, Ajay G. Piramal, holds 4,93,184 Equity Shares, equivalent to 0.04% of the issued, subscribed and paid-up Equity Share capital of our Company.

a. *Build-up of our Promoter's shareholding in our Company*

Set forth below is the build-up of the shareholding of our Promoter since incorporation of our Company:

| Date of allotment/ Transfer | Nature of allotment | No. of Equity Shares | Nature of consideration | Face value per Equity Share | Issue price/ Transfer Price per Equity Share | Percentage of the pre-Scheme capital (%) | Percentage of the post-Scheme capital (%) |
|---|---|---|---|---|---|---|---|
| **Ajay G. Piramal** | | | | | | | |
| September 5, 2022 | Allotment pursuant to the Scheme | 4,93,184 | Consideration other than cash | 10 | N.A. | N.A. | 0.04 |

b. *Shareholding of our Promoter Group*

Except as stated below, none of our Promoter Group members hold any Equity Shares of the Company as on the date of this Information Memorandum.

| Sr. No. | Name | No. of Equity Shares* | % age of Equity Share Capital |
|---|---|---|---|
| 1. | Dr. Swati A. Piramal | 8,400 | 0.00 |
| 2. | Anand Piramal | 7,88,388 | 0.07 |
| 3. | Nandini Piramal | 1,81,948 | 0.02 |
| 4. | Lalita G. Piramal | 4,936 | 0.00 |
| 5. | Peter DeYoung | 4,32,000 | 0.04 |
| 6. | Anya Piramal DeYoung | 1,92,000 | 0.02 |
| 7. | Dev Piramal DeYoung | 1,92,000 | 0.02 |
| 8. | Ajay G. Piramal (Karta of Ajay G. Piramal HUF) | 26,028 | 0.00 |
| 9. | AASAN Corporate Solutions Private Limited | 80,55,500 | 0.68 |
| 10. | PRL Realtors LLP | 3,58,95,652 | 3.01 |
| 11. | The Ajay G. Piramal Foundation | 39,46,924 | 0.33 |
| 12. | The Sri Krishna Trust through its Trustee Ajay G. Piramal and Dr. Swati A. Piramal | 31,55,10,320 | 26.44 |
| 13. | Piramal Welfare Trust *(Formerly known as The Piramal Enterprise Executive Trust)* | 95,43,224 | 0.80 |
| 14. | V3 Designs LLP | 3,88,04,000 | 3.25 |
| 15. | Nandini Piramal Trust | 4,90,960 | 0.04 |
| 16. | Anand Piramal Trust | 5,57,308 | 0.05 |

** issued pursuant to the Scheme*

c. *Details of Lock-in*

As the Scheme involved the merger of a division of a listed company into an unlisted entity, the pre-Scheme Share Capital of our Company as continued following the Demerger (i.e. excluding the equity shares of the Company which formed a part of the Demerged Undertaking of PEL and which stand cancelled pursuant to the Demerger) shall be locked-in as per the applicable provisions of part (II)(A)(4) of the SEBI Scheme Circular. Further, the Equity Shares of the Company issued pursuant to the Scheme shall not be subject to the lock-in requirements.

5. **Employee Stock Options**

Our Company, pursuant to the resolutions passed by our Board and Shareholders on May 24, 2022 and July 28, 2022, respectively, adopted the Piramal Pharma Limited Employee Stock Option and Incentive Plan 2022 ("**ESOP Plan**"). As on the date of this Information Memorandum, there are no outstanding options which are granted under the ESOP Plan

6. **Shareholding Pattern of our Company**

The table below presents the shareholding of our Company as on the date of this Information Memorandum:

| Category (I) | Category of shareholder (II) | Number of shareholders (III) | Number of fully paid up Equity Shares held (IV) | Number of Partly paid-up Equity Shares held (V) | Number of shares underlying Depository Receipts (VI) | Total number of shares held (VII) =(IV)+(V)+ (VI) | Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | Number of shares Underlying Outstanding convertible securities (including Warrants) (X) | Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of Equity Shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Number of Voting Rights: Class: Equity Shares | Number of Voting Rights: Total | Total as a % of (A+B+C) | | | Number (a) | As a % of total Shares held (b) | Number (a) | As a % of total Shares held (b) | |
| **(A)** | **Promoter and Promoter Group** | 17 | 41,51,22,772 | - | - | - | 34.79 | 41,51,22,772 | 41,51,22,772 | 34.79 | - | - | - | - | - | | 41,51,22,772 |
| **(B)** | **Public** | 1,79,940 | 77,81,95,728 | - | - | - | 65.21 | 77,81,95,728 | 77,81,95,728 | 65.21 | - | - | 23,86,63,700 | 30.67 | - | | 77,81,95,728 |
| **(C)** | **Non Promoter- Non Public** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | - |
| **(C1)** | **Shares underlying DRs** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | - |
| **(C2)** | **Shares held by Employee Trusts** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | - |

| Category (I) | Category of shareholder (II) | Number of shareholders (III) | Number of fully paid up Equity Shares held (IV) | Number of Partly paid-up Equity Shares held (V) | Number of shares underlying Depository Receipts (VI) | Total number of shares held (VII) =(IV)+(V)+ (VI) | Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | Number of shares Underlying Outstanding convertible securities (including Warrants) (X) | Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of Equity Shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Number of Voting Rights | | Total as a % of (A+B+C) | | | Number (a) | As a % of total Shares held (b) | Number (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class: Equity Shares | Total | | | | | | | | |
| | **Total** | 1,79,957 | 119,33,18,500 | - | - | - | 100.00 | 119,33,18,500 | 119,33,18,500 | 100.00 | - | - | 23,86,63,700 | 30.67 | - | | 119,33,18,500 |

7. **Details of Equity Shareholding of the major Shareholders of our Company**

1. The major shareholders of our Company two years prior to the date of this Information Memorandum are set forth in the table below:

| Sr. No. | Name of the Shareholder | No. of Equity Shares | Percentage of the paid up share capital (%) |
|---|---|---|---|
| 1. | Piramal Enterprises Limited | 10,000* | 100.00 |
| | **Total** | 10,000 | 100.00 |

**Includes shares held by nominees of Piramal Enterprises Limited*

2. The major shareholders of our Company one year prior to the date of this Information Memorandum are set forth in the table below:

| Sr. No. | Name of the Shareholder | No. of Equity Shares | Percentage of the paid up share capital (%) |
|---|---|---|---|
| 1. | Piramal Enterprises Limited | 79,56,81,651* | 80.00 |
| 2. | CA Alchemy Investments *(erstwhile CA Clover Intermediate II Investments)* | 19,89,20,413 | 20.00 |
| | **Total** | 99,46,02,064 | 100.00 |

**Includes shares held by nominees of Piramal Enterprises Limited*

3. The ten largest Equity Shareholders of the Company and the number of Equity Shares held by them as on the date of this Information Memorandum are set forth in the table below:

| Sr. No. | Name of the Shareholder | No. of Equity Shares | Percentage of the paid up share capital (%) |
|---|---|---|---|
| 1. | The Sri Krishna Trust through its Trustee Mr. Ajay G Piramal and Dr. (Mrs.) Swati A Piramal | 31,55,10,320 | 26.44 |
| 2. | CA Alchemy Investments *(erstwhile CA Clover Intermediate II Investments)* | 23,86,63,700 | 20.00 |
| 3. | Caisse De Depot Et Placement Du Quebec | 6,74,16,540 | 5.65 |
| 4. | Life Insurance Corporation Of India | 4,35,74,360 | 3.65 |
| 5. | East Bridge Capital Master Fund Limited | 4,12,30,012 | 3.46 |
| 6. | V3 Designs Llp | 3,88,04,000 | 3.25 |
| 7. | Prl Realtors Llp | 3,58,95,652 | 3.01 |
| 8. | East Bridge Capital Master Fund I Ltd | 2,58,45,596 | 2.17 |
| 9. | Indiahold Limited | 1,72,99,744 | 1.45 |
| 10. | City Of New York Group Trust | 99,04,728 | 0.83 |
| | Total | 83,41,44,652 | 69.90 |

4. The ten largest Equity Shareholders of the Company and the number of Equity Shares held by them 10 days prior to the date of this Information Memorandum are set forth in the table below:

| Sr. No. | Name of the Shareholder | No. of Equity Shares | Percentage of the paid up share capital (%) |
|---|---|---|---|
| 1. | Piramal Enterprises Limited | 94,72,49,806* | 79.88 |
| 2. | CA Alchemy Investments *(erstwhile CA Clover Intermediate II Investments)* | 23,86,63,700 | 20.12 |

**Includes shares held by nominees of Piramal Enterprises Limited*

2. Except for. Nandini Piramal, Peter DeYoung, Vivek Valsaraj and S. Ramadorai, none of our Directors hold any Equity Shares in the Company.

3. As on the date of the Information Memorandum, our Company has allotted 95,46,54,800 Equity Shares to equity shareholders of the Demerged Company pursuant to the Scheme approved by the NCLT under Sections 230 to 232 and other applicable provisions of the Companies Act.

4. As of the date of the filing of this Information Memorandum, the total number of shareholders of our Company is 1,86,724.

5. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares as on the date of this Information Memorandum.

6. There shall be no further issue of capital by our Company whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme till listing of the Equity Shares allotted as per the Scheme.

7. At least 25% of the post-Scheme paid up share capital of our Company comprises of Equity Shares allotted to public shareholders.

8. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

## COMPOSITE SCHEME OF ARRANGEMENT

Capitalised terms used herein but not defined shall have the meaning assigned to them in the Scheme, unless otherwise stated.

A composite scheme of arrangement ("**Scheme**") was entered into between Piramal Enterprises Limited, the Company, Convergence Chemicals Private Limited, Hemmo Pharmaceuticals Private Limited, PHL Fininvest Private Limited and their respective shareholders and creditors, pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act.

The Scheme was approved by our Board pursuant to its resolution dated October 7, 2021 and the respective board of directors of the Demerged Company, CCPL, HPPL and PFPL pursuant to resolutions dated October 7, 2021. Pursuant to an order dated May 12, 2022, passed by the NCLT, separate meetings of the equity shareholders, secured creditors (including debenture holders) and unsecured creditors of the Demerged Company were convened. The equity shareholders, secured creditors (including debenture holders) and unsecured creditors of the Demerged Company approved the Scheme at the NCLT-convened meetings, each held on July 5, 2022. The meetings of the equity shareholders and secured/unsecured creditors of the Company, CCPL, HPPL and PFPL were dispensed with/not required. The NCLT sanctioned the Scheme on August 12, 2022. The Appointed Date of the Scheme is April 1, 2022 and the Effective Date is August 18, 2022.

The Scheme, inter alia, provided for the following:

(i) the transfer by way of a demerger of the Demerged Undertaking of PEL to PPL, the consequent issue of equity shares by PPL to the shareholders of PEL in accordance with the Share Entitlement Ratio ("**Demerger**"). Pursuant to the Demerger, the equity shares of PPL, forming part of the Demerged Undertaking of PEL stood cancelled and extinguished;

(ii) the amalgamation of CCPL and HPPL (both the "**Amalgamating Pharma Companies**"), both being wholly owned subsidiaries of PPL, into PPL and consequent dissolution of CCPL and HPPL without winding up and the cancellation of the equity shares of CCPL and HPPL held by PPL and its nominee shareholder ("**Pharma Amalgamations**");

(iii) the amalgamation of PFPL, a wholly owned subsidiary of PEL, into PEL and consequent dissolution of PFPL without winding up and the cancellation of the equity shares of PFPL held by PEL and joint shareholders ("**FS Amalgamation**"); and

(iv) various other matters consequential or integrally connected therewith.

Upon the Scheme becoming effective and in consideration of transfer and vesting of the Demerged Undertaking from PEL to the Company in terms of the Scheme, the Company issued and allotted 95,46,54,800 equity shares to the shareholders of PEL as on the Demerger Record Date (*as defined in the Scheme*), in accordance with the report issued on October 6, 2021 by Drushti Desai of Bansi S. Mehta & Co. registered with Insolvency & Bankruptcy Board of India *vide* Regn. No. IBBI/RV/06/2019/10666 along with its addendums dated January 25, 2022 and February 7, 2022 ("**Registered Valuer's Report**"), in the following manner:

*"for every 1 (one) equity share of face and paid-up value of Rs. 2/- (Two) held in PEL, 4 (Four) equity shares of face and paid-up value of Rs. 10/- (Ten) in PPL."*

The Equity Shares, including the shares issued and allotted pursuant to the Scheme, are proposed to be listed on the Stock Exchanges.

***Rationale for the Scheme***

The rationale, as set out in the Scheme, is as under:

- The businesses undertaken by the Demerged Company (directly and indirectly) comprised of the pharmaceutical business and the financial services business, both of which had different requirements and were operated independent of each other as separate business verticals. The requirements of each business, including in terms of capital, operations, knowledge, nature of risk, competitive advantages and strategies, and regulatory compliances were very distinct when compared with the other. Each of these business verticals were significantly large and mature and had a distinct attractiveness to divergent set of investors, strategic partners and other stakeholders. The depth, scale of operations and growth potential of these distinct businesses had been significantly augmented by the recent transactions undertaken in respect of the pharmaceutical business (being the strategic investment by the Carlyle Group) and the financial services business (being the merger of Dewan Housing Finance Corporation Limited and Piramal Capital & Housing Finance Limited, a wholly owned subsidiary of the Demerged Company).

- Therefore, in the wake of the aforesaid landmark transactions, this being an opportune time to unlock the potential value of each business vertical, it was proposed through the Scheme, to: (i) completely segregate the pharmaceutical and the financial services businesses and create two strong and distinctive platforms and flagship listed entities; (ii) realign the pharmaceutical business and the financial services business to rationalize, simplify and streamline the group structure with the domestic pharmaceutical business being consolidated under the Company, and the Demerged Company continuing to focus primarily on the financial services business directly (with consolidation of the lending business across the Demerged Company and PFPL under the Demerged Company post the merger of PFPL with the Demerged Company) and indirectly (including through subsidiaries and associate companies).

- The Demerger would not only facilitate pursuit of scale and independent growth plans (organically and inorganically) with more focused management and flexibility as well as liquidity for shareholders (following the listing of the shares of the Company pursuant to the Scheme) but would also insulate and de-risk both the businesses from each other and allow potential investors and other stakeholders the option of being associated with the business of their choice.

- In order to comprehensively restructure and streamline the pharmaceutical business in India under the Company, it was also proposed to merge CCPL and HPPL, being wholly owned subsidiaries of the Company engaged in the pharmaceutical business, allowing the pharmaceutical business in India conducted by the Company directly and through its Indian subsidiaries to be consolidated with the Company, which was also expected to enable faster decision making. Allergan India Private Limited, an associate company of the Company, would, however, continue to operate independently in the specialty pharmaceutical sector.

- In addition to the above, to restructure the financial services business, it was proposed to merge PFPL with the Demerged Company. In addition to the establishment of a distinct platform with dedicated focus on the financial services business as mentioned above, the merger of PFPL, being a wholly owned subsidiary of the Demerged Company, would enable the consolidation of the lending business across the Demerged Company and PFPL in the Demerged Company and streamlining of the group structure in a manner that results in the creation of a single non-banking financial company ("**NBFC**") which is regulated by the RBI, (subject to requisite approvals) and holds distinct entities engaged in diverse aspects of the financial services business such as housing finance, asset management and merchant banking.

- In view of the abovementioned reasons and in order to avoid multiplicity of schemes and the consequent increase in cost, time, resources and effort that may have to be expended by the Companies, the NCLT and the Appropriate Authorities, it was considered desirable and expedient to implement the Scheme as a composite scheme.

**Salient Features of the Scheme**

The Appointed Date of the Scheme is April 1, 2022 and the Effective Date is August 18, 2022. With effect from the Appointed Date, the Demerged Undertaking stood demerged from the Demerged Company and transferred to, and vested in or be deemed to be transferred to, and vested in the Company as a going concern, in accordance with the provisions of the Income Tax Act, 1961, Section 230 to 232 of the Companies Act and other applicable law.

**Demerger**

The Demerger of the Demerged Undertaking in accordance with the Scheme shall take effect from the Appointed Date and shall be in accordance with Section 2(19AA) of the IT Act, such that:

(i) all assets, estates, rights, title, claims, investments, interest and authorities acquired by the Demerged Company, after the Appointed Date and prior to the Effective Date, and forming part of the Demerged Undertaking, shall stand transferred to and vested in or be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of the Scheme, without any further act, instrument or deed;

(ii) all the Demerged Liabilities relating to the Demerged Undertaking, as on the Appointed Date shall become the liabilities of the Company by virtue of the Scheme;

(iii) all the Demerger Transferred Employees associated with the Pharma Business being a part of the Demerged Undertaking shall become the employees of the Company with effect from the Appointed Date, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Company shall not be less favourable than those applicable to them with reference to their employment in the Demerged Company on the Effective Date;

(iv) if any suit, appeal, legal or other proceeding of whatever nature, whether criminal or civil, including before any statutory of quasi-judicial authority or tribunal, under any applicable law, by or against the Demerged Company in relation to the Demerged Undertaking is pending on the Effective Date or is instituted any time thereafter and if capable of being continued, the same shall be continued, prosecuted and enforced by or against the Company, as the case may be, after the Effective Date, in the same manner and to the same extent as it would have been continued, prosecuted and enforced by or against the Demerged Company in relation to the Demerged Undertaking as if the Scheme had not been made; and

(v) the Demerged Company shall be liable for any tax payable to appropriate authorities under applicable laws relating to tax and shall be entitled to any refunds of tax for appropriate authorities under tax laws, which, in each case, arise from the operation or activities of the Demerged Undertaking prior to the Appointed Date and the Company shall be liable for any tax payable to appropriate authorities under applicable laws relating to tax and shall be entitled to any refunds of tax for appropriate authorities under tax laws, which, in each case, arise from the operation or activities of the Demerged Undertaking, on or after the Appointed Date.

The Company has issued, in consideration of the Demerger, Equity Shares to all the shareholders of the Demerged Company as on the Demerger Record Date on a proportionate basis in accordance with the Share Entitlement Ratio, in accordance with the Scheme. Accordingly, all the shareholders of the Demerged Company as on the Demerger Record Date have become the shareholders of the Company by virtue of this Demerger.

**Pharma Amalgamation**

The Pharma Amalgamations of the Amalgamating Pharma Companies with the Company in accordance with the Scheme will be in compliance with the provisions of Sections 230 to 232 and other relevant provisions of the Companies Act and Section 2(1B) of the IT Act, such that:

(i) all the properties/assets of the Amalgamating Pharma Companies, immediately before the Pharma Amalgamations, shall become the property/assets of the Company, by virtue of the Pharma Amalgamations;

(ii) all the liabilities of the Amalgamating Pharma Companies, immediately before the Pharma Amalgamations, shall become the liabilities of the Amalgamated Pharma Company, by virtue of the Pharma Amalgamations;

(iii) all the employees of the Amalgamating Pharma Companies shall become the employees of the Company, however, the Director(s) / KMP(s) of the Amalgamating Pharma Companies; and

(iv) if any suit, appeal, legal or other proceeding of whatever nature, whether criminal or civil, including before any statutory of quasi-judicial authority or tribunal, under any applicable law, by or against the Amalgamating Pharma Companies is pending on the Effective Date or is instituted any time thereafter and if capable of being continued, the same shall be continued, prosecuted and enforced by or against the Company, as the case may be, after the Effective Date, in the same manner and to the same extent as it would have been continued, prosecuted and enforced by or against the relevant Amalgamating Pharma Company as if the Scheme had not been made.

Pursuant to the Pharma Amalgamations, the equity shares in each of the Amalgamating Pharma Companies held by the Company, shall stand cancelled. No new shares shall be issued, or payment of any kind be made as consideration in lieu of the Amalgamating Pharma Companies amalgamating with the Company.

**FS Amalgamation**

The FS Amalgamation of the Amalgamating FS Company with the Amalgamated FS Company in accordance with the Scheme will be in compliance with the provisions of Sections 230 to 232 and other relevant provisions of the Act and Section 2(1B) of the IT Act, such that:

(i) all the properties/assets of the Amalgamating FS Company, immediately before the FS Amalgamation, shall become the property/assets of the Amalgamated FS Company, by virtue of the FS Amalgamation;

(ii) all the liabilities of the Amalgamating FS Company, immediately before the FS Amalgamation, shall become the liabilities of the Amalgamated FS Company, by virtue of the FS Amalgamation;

(iii) all the employees of the Amalgamating FS Company shall become the employees of the Amalgamated FS Company, however, the Director(s) / KMP(s) of the Amalgamating FS Company will not become directors or key managerial personnel of the Amalgamated FS Company; and

(iv) if any suit, appeal, legal or other proceeding of whatever nature, whether criminal or civil, including before any statutory or quasi-judicial authority or tribunal, under any applicable law, by or against the Amalgamating FS Company is pending on the Effective Date or is instituted any time thereafter and if capable of being continued, the same shall be continued, prosecuted and enforced by or against the Amalgamated FS Company, as the case may be, after the Effective Date, in the same manner and to the same extent as it would have been continued, prosecuted and enforced by or against the Amalgamated FS Company as if the Scheme had not been made.

Pursuant to the FS Amalgamation, equity shares of the Amalgamating FS Company held by the Amalgamated FS Company and joint shareholders, shall stand cancelled. No new shares shall be issued or payment of any kind be made as consideration in lieu of the Amalgamating FS Company amalgamating with the Amalgamated FS Company.

Pursuant to the FS Amalgamation, subject to obtaining the requisite approval from the RBI, (i) the Amalgamating FS Company shall surrender its license/ certificate of registration to operate as a Non-Banking Financial Company; and (ii) the Amalgamated FS Company shall obtain license / certificate of registration to operate as an NBFC.

***Consideration***

For the purposes of the Scheme, the Registered Valuer's Report in relation to the Share Entitlement Ratio for issuance and allotment of Equity Shares of the Company to the shareholders of the Demerged Company pursuant to and in consideration of the Demerger was issued on October 6, 2021 by Drushti Desai of Bansi S. Mehta & Co. registered with Insolvency & Bankruptcy Board of India *vide* Regn. No. IBBI/RV/06/2019/10666 along with its addendums dated January 25, 2022 and February 7, 2022.

In compliance with para (A)(2)(d) of Part I of SEBI Scheme Circular 2021, a fairness opinion dated October 7, 2021 had been issued by ICICI Securities Limited, a SEBI registered Category I Merchant Banker have Regn. No. 1NM000011179 along with its addendum dated January 25, 2022 ("**Fairness Opinion**") on the Share Entitlement Ratio as recommended in the Registered Valuer's Report.

Upon the Scheme becoming effective and in consideration of transfer and vesting of the Demerged Undertaking from the Demerged Company to the Company in terms of the Scheme, the Company has issued and allotted 95,46,54,800 (Ninety-Five Crores, Forty Six Lakhs, Fifty Four Thousand, Eight Hundred) Equity Shares to the shareholders of the Demerged Company as on the Demerger Record Date, in accordance with the Registered Valuer's Report and the Fairness Opinion, in the following manner:

*"for every 1 (one) equity share of face and paid-up value of Rs. 2/- (Two) held in PEL, 4 (Four) equity shares of face and paid-up value of Rs. 10/- (Ten) in PPL."*

No new shares were issued or payment made in cash or in kind, whatsoever, by the Company in connection with the Pharma Amalgamations or by the Demerged Company in connection with the FS Amalgamation.

**Cancellation of share capital**

Pursuant to the provisions of Sections 230 to 232 of the Companies Act, the shareholding of the Demerged Company in the Company has been cancelled without any further act, instrument or deed, immediately following the issuance of the Equity Shares in accordance with and as an integral part of the Scheme.

**Approvals for the Scheme**

The NCLT, Mumbai Bench *vide* its order delivered on August 12, 2022 has approved the Scheme.

***Corporate Approvals***

The proposed Scheme was placed before the audit and risk management committee of the Demerged Company at its meeting held on October 7. 2021. The Registered Valuer's Report and the Fairness Opinion along with their respective addendums were tabled before the Chairman of the Audit Committee. A draft of the Audit Committee report was approved by the Audit and Risk Management Committee of the Demerged Company, which authorised the Chairman to submit the signed report to the Board of the Demerged Company.

The Board of the Demerged Company, at its meeting held on October 7, 2021, took into account:

(i) Draft Scheme;

(ii) the Registered Valuer's Report dated October 6, 2021 issued by Drushti Desai of Bansi S. Mehta & Co., Registered Valuer, IBBI Registration No. IBBI/RV/06/2019/10666;

(iii) the Fairness Opinion dated October 7, 2021 issued by ICICI Securities Limited, a SEBI Registered Category I Merchant Banker bearing Registration No. INM000011179;

(iv) Certificates dated October 7, 2021, from the statutory auditor of the Demerged Company certifying that the accounting treatment in the Scheme is in accordance with the accounting standards and applicable law; and

(v) Minutes of the meeting of the Audit and Risk Management Committee of the Board of the Demerged Company dated October 7, 2021.

and unanimously approved the Scheme and the Share Entitlement Ratio.

The Board of the Company, at its meeting held on October 7, 2021, took note of: (i) the draft Scheme, (ii) Registered Valuer's Report, (iii) the Fairness Opinion, (iv) the statutory auditor's certificate on the accounting treatment in the Scheme, and (v) the minutes of the meeting of the Audit Committee of the Company held on October 7, 2021 for approving the Scheme, and approved the report prepared under Section 232 of the Companies Act explaining the effect of the draft Scheme on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders, with particulars of the Share Entitlement Ratio.

The shareholders (including the public shareholders of the Demerged Company), secured creditors (including debenture holders) and unsecured creditors of the Demerged Company, at their respective NCLT-convened meetings all held on July 5, 2022, approved the Scheme with the requisite majority prescribed under the Companies Act.

***Other Approvals in relation to the Scheme***

Certificate of registration dated July 21, 2022 issued by the RBI to carry on business of non-banking financial institution accepting deposits in lieu of the certificate dated June 26, 2002 issued by RBI.

## STATEMENT OF TAX BENEFITS

**STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY, ITS MATERIAL SUBSIDIARIES AND THEIR SHAREHOLDERS UNDER THE APPLICABLE DIRECT AND INDIRECT TAX LAWS IN INDIA**

MH/84/RGD/2022-23 August 23, 2022

**To,**
**The Board of Directors,**
**Piramal Pharma Limited**
Gr. Flr., Piramal Ananta, Agastya Corporate Park,
Kamani Junction, LBS Marg,
Kurla,
Mumbai – 400070.

**Dear Sir/ Madam,**

**Sub: Proposed listing of equity shares of Piramal Pharma Limited ("PPL" or "the Company") on BSE Limited and National Stock Exchange of India Limited pursuant to a Scheme of Arrangement**

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We hereby confirm that the enclosed Annexure, prepared by PPL sets out the possible tax benefits available to the Company, its material subsidiaries and the shareholders of the Company under the provisions of the applicable direct and indirect-tax laws, as amended and read with rules, circulars and notifications, applicable for Financial Year 2022-23.

Several of these benefits are dependent on the Company, its material subsidiaries and/or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act read with rules, circulars and notifications thereto. Hence, their ability to derive the tax benefits is dependent upon fulfilling such conditions, which on the basis of the business imperatives faced, they may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the shareholders and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each shareholder is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of investment in shares of PPL, particularly in view of the fact that certain recently enacted legislations may not have a direct legal precedent, or may have a different interpretation on the benefits, which the shareholder can avail.

Our confirmation is based on the information, explanations and representations obtained from the Company and based on our understanding of the business activities and operations of the Company and its material subsidiaries.

Also, our confirmation is based on the existing provisions of law and our interpretation of the same, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

We do not express an opinion or provide any assurance as to whether:

(a) The Company, its material subsidiaries and its shareholders will continue to obtain the benefits as per the Statement in future;
(b) The conditions prescribed for availing the benefits, wherever applicable have been/ would be met with; and

(c) The revenue authorities/courts will concur with the views expressed herein.

This confirmation letter is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Information Memorandum to be filed by the Company with Securities and Exchange Board of India and the concerned Stock Exchange(s) in connection with the proposed listing.

Neither we, nor our Partners and employees, owe or accept any duty of care or any responsibility to any other party, whether in contract or in tort (including without limitation, negligence or breach of statutory duty) however arising, and shall not be liable in respect of any loss, damage or expense of whatever nature which is caused to any other party.

Place: Mumbai

For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No. 100991W

RONAK GIRISH DOSHI
Partner
Membership No.116513
UDIN: 22116513APQDSI2324

Encl.: Annexure

**STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY, ITS MATERIAL SUBSIDIARIES AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT AND INDIRECT TAX LAWS IN INDIA**

The information provided below sets out the possible tax benefits in the hands of the Piramal Pharma Limited ("the Company") and its material subsidiaries, namely Piramal Healthcare UK Limited and Piramal Critical Care Inc and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences on the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent upon fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company, its material subsidiaries and its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives faced, they may or may not choose to fulfill.

The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

**INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES ON PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION,ESPECIALLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION ON THE BENEFITS AND CONSEQUENCES.**

**POSSIBLE TAX BENEFITS UNDER THE INCOME-TAX ACT, 1961, ("the IT Act") – DIRECT TAX LAWS:**

The law stated below is as per the Income-tax Act, 1961 as amended by Finance Act, 2022.

**A. PIRAMAL PHARMA LIMITED ("the Company"):**

1. The Company has exercised the option under section 115BAA to be taxed at a concessional corporate tax rate of 22% (as increased by the applicable surcharge and cess). Pursuant thereto, the Company is not entitled to certain stipulated deductions (including Chapter VIA deduction (except section 80JJAA and section 80M).

   Further, the domestic companies opting for 115BAA will not be required to pay Minimum Alternate Tax ('MAT') under section 115JB. Since the MAT provisions under section 115JB itself would not apply to such companies, brought forward MAT credit (if any) would also not be available for set-off.

2. The Company is engaged in Research and Development ("R&D") activities and has R&D centres in Mumbai and Ennore, which are recognised by the Department of Scientific and Industrial Research (DSIR).

   The Company is eligible to claim deduction under section 35(1)(iv) r.w. section 35(2), of a sum equal to 100% of any capital expenditure (except expenditure on acquisition of land) on scientific research related to the business carried on by the Company at the aforesaid centres.

   Where a deduction is allowed under section 35(1)(iv) in respect of expenditure represented wholly or partly by an asset, depreciation under section 32(1)(ii) shall not be allowed in respect of that asset.

   Subject to the provisions of section 72(2) relating to business loss and section 73(3) relating to speculation loss, the unabsorbed capital expenditure on scientific research (if any) would be deemed to be an expenditure of the following previous year and so on for the succeeding previous years and deduction shall be allowed accordingly.

3. As per section 80JJAA of the IT Act, the Company is allowed to claim a deduction of 30% of additional employee cost paid to additional employees employed or deemed to be employed in the concerned year, for

three assessment years beginning from the year in which the employment is provided subject to such conditions specified in the said section.

4. Section 80M intends to eliminate the cascading tax effect in case of inter-corporate dividends by providing a deduction in respect of dividends received by a domestic company, to the extent such dividend is distributed by it on or before the due date. In this case, due date means one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act. PPL would be eligible to claim deduction under section 80M in respect of dividends received from other domestic or foreign companies and further distributed to its shareholders, subject to satisfaction of the provisions of the section.

**B. PIRAMAL HEALTHCARE INC AND PIRAMAL CRITICAL CARE INC (MATERIAL SUBSIDIARIES):**

1. The material subsidiaries of the Company are incorporated outside India and hence, are foreign companies. These entities file their respective tax returns as per the applicable tax laws in the country of their incorporation and would avail the tax benefits as may be applicable in their local jurisdictional laws.

2. From Indian tax laws perspective, there are no special tax benefits available to the material subsidiaries in India.

**C. SHAREHOLDERS OF THE COMPANY:**

1. The basis of charge of Indian income-tax would depend upon the residential status of the shareholder during a tax year. The Indian tax year runs from April 1 until March 31.

2. If the shareholder is an Indian tax resident, he is liable to income-tax in India on his worldwide income, subject to certain tax exemptions, which are provided under the IT Act.

3. A shareholder who is treated as a non-resident for Indian income-tax purposes, is generally subject to tax in India only on his India-sourced income (i.e. income which accrues or arises or deemed to accrue or arise in India) and income received by such persons in India. In case of shares of a company, the source of income from shares would depend on the "situs" of such shares. As per judicial precedents, generally the "situs" of the shares is where a company is "incorporated" and where its shares can be transferred.

   Accordingly, since PPL is incorporated in India, its shares are deemed to be "situated" in India and any income in respect of PPL shares and/or gains arising to a non-resident shareholder on transfer of such shares is taxable in India under the IT Act.

4. In case of non-resident shareholders, the tax rates and the consequent taxation, mentioned in this part shall be further subject to any benefits available under the Double Taxation Avoidance Agreement ("DTAA"), if any, between India and the country of residence of the non-resident, subject to satisfying the relevant conditions including but not limited to:
   a) conditions (if any) present in the said DTAA read with the relevant provisions of the Multilateral Instrument ("MLI") as ratified by India with the respective country of which the said shareholder is a tax resident;
   b) non-applicability of General Anti-Avoidance Rule ("GAAR"); and
   c) providing and maintaining necessary information and documents as prescribed under the IT Act read with applicable rules, circulars and/or notifications.

5. All references to equity shares hereinafter refer to listed equity shares unless stated otherwise.

**CI. *Resident shareholders:***

1. As a consequence of abolition of DDT under section 115-O w.e.f. FY 2020-21, the exemption available under section 10(34) in respect of dividend income has been discontinued. Thus, any dividend declared by the Company in future would be taxable in the hands of the shareholders under the head 'Income from Other Source' under section 56 of the IT Act at normal applicable rates.

   The Company would be under an obligation to deduct tax at source under section 194 at the rate of 10% on payment of dividend to resident shareholders. In the absence of Permanent Account Number ("PAN") of the shareholder, tax would be deductible at the rate of 20% as provided under section 206AA.

   Section 194, further provides no deduction shall be made in the following cases –
   (i) the dividend is paid to a resident individual shareholder by any mode other than cash;
   (ii) the amount of aggregate dividend distributed or paid or likely to be distributed or paid during the financial year to the resident individual shareholder, does not exceed ₹5,000;
   (iii) the dividend is paid to Life Insurance Corporation of India, General Insurance Corporation of India or any other insurer, in respect of any shares owned by them or in which they have full beneficial interest.

   Further, as per section 196, no deduction of tax shall be made by any person from any sums payable to –
   (i) the Government, or
   (ii) the Reserve Bank of India, or
   (iii) a corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income, or
   (iv) a Mutual Fund specified under clause (23D) of section 10

   No deduction of tax is required in case of resident individuals if 15G/15H certificate is furnished as per section 197A(1)/(1C).

   Further, section 197A(1E) provides no deduction of tax shall be made from any payment to any person for, or on behalf of, the New Pension System Trust referred to in clause (44) of section 10.

2. Section 206AB provides for a higher withholding rate in case of any person (other than a non-resident who does not have a permanent establishment in India) who has not filed the return of income for assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year. The withholding tax rates in case of such person shall be higher of the following:
   (i) at twice the rate specified in the relevant provision of the IT Act; or
   (ii) at twice the rate or rates in force; or
   (iii) at the rate of 5%.

   Further, where the provisions of section 206AA of the IT Act are applicable to such person, tax shall be deducted at higher of the two rates provided in section 206AB and in section 206AA of the IT Act.

3. It is pertinent to note that since the dividend income will not be exempt in the hands of the shareholder, expenses incurred in relation to earning such income would not be liable for disallowance under section 14A of the IT Act.

   Section 57(i) grants deduction of any reasonable sum paid by way of commission or remuneration paid to a banker or any other person for the purpose of realising dividend or interest on securities on behalf of the assessee. Further, under clause (iii) of section 57, deduction is allowable for any other expenditure (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of making or earning the income.

However, w.e.f. FY 2020-21, Finance Act, 2020 has inserted a proviso to section 57 to restrict deduction in respect interest expenses to 20% of such dividend income. Further, deduction shall not be permissible for any other expense that an assessee may incur wholly and exclusively for earning such income.

4. Section 80M intends to eliminate the cascading tax effect in case of inter-corporate dividends by providing a deduction in respect of dividends received by a domestic company, to the extent such dividend is distributed by it on or before the due date. In this case, due date means one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act. Any shareholder being a domestic company may be entitled to the benefit of section 80M.

5. Finance Act, 2021 has amended section 234C of the IT Act w.e.f. FY 2020-21 pursuant to which interest at the rate of 1% shall not apply in respect of shortfall of advance tax payment on account of under estimation or failure to estimate dividend income as defined in section 2(22), excluding sub-clause (e) thereof.

6. The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors. The Central Board of Direct Taxes ("CBDT") has clarified in Circular No. 6/2016 dated February 29, 2016 that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as "Capital Gains" unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.

7. Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of Long Term Capital Gains, ("LTCG") i.e. gains from the shares, being transfer of shares of Indian company held for a period exceeding twelve months, the second proviso to section 48 of the IT Act, permits substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index, as prescribed from time to time. The base year for indexation has been shifted from April 1, 1981 to April 1, 2001 and the cost of acquisition of an asset acquired before April 1, 2001 would be allowed to be taken as fair market value as on April 1, 2001.

8. The period of holding for shares allotted in consideration of a demerger in accordance with section 2(19AA) ("qualifying demerger") shall include the period for which the original shares in demerged company were held by the shareholder as provided under clause (g) to Explanation 1 to section 2(42A) of the IT Act.

9. As per section 112A of the IT Act, LTCG arising on sale/transfer of listed equity shares will be subject to tax at the rate of 10% if, Securities Transaction Tax ("STT") has been paid on both, purchase and sale of shares (except in certain cases notified by CBDT vide Notification No. 60/2018 dated October 1, 2018) and the aggregate LTCG during the financial year exceeds Rs.1 lakh. The said rate will be increased by applicable surcharge and cess. Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112A of the IT Act.

   As per the third proviso to section 48 of the IT Act, LTCG will be computed without considering the indexation benefit.

10. In cases other than those covered under section 112A, the provisions of section 112 will apply. As per the said provision, LTCG arising on transfer of the shares would be subject to tax at the rate of 20% (plus applicable surcharge and cess) after indexation. In case of listed shares, the amount of such tax shall, however, be limited to 10% (plus applicable surcharge and cess) without indexation. Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112 of the IT Act.

11. As per section 111A of the IT Act, Short Term Capital Gains ("STCG"), (i.e. gains from shares held for a period not exceeding twelve months) arising on transfer of the equity shares would be taxable at a rate of 15% (plus applicable surcharge and cess) where such transaction of sale is entered on a recognised stock exchange in India and is liable to STT. Further, no deduction under Chapter VI-A would be allowed in computing STCG subject to tax under section 111A of the IT Act.

    STCG arising from transfer of the shares, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

12. In case, where the shares in PPL (i.e. resulting company) are received pursuant to a qualifying demerger, the cost of acquisition of such shares as per section 49(2C) shall be determined based on the below formula:

    Cost of acquisition of shares of resulting company = Cost of acquisition of shares in demerged company * Net book Value of the assets transferred in the demerger

    Net worth of the demerged company before the demerger

13. Section 55(2)(ac) provides for grandfathering of cost where in relation to a long-term capital asset, being *inter alia* an equity share in a company referred to in section 112A, acquired before the 1st day of February, 2018. In this case, the cost of acquisition would be higher of the following:
    (i) the cost of acquisition of such asset; and
    (ii) lower of—
        (A) the fair market value of such asset; and
        (B) the full value of consideration received or accruing as a result of the transfer of the capital asset.

    The fair market value is to be determined in the manner provided under the Explanation to section 55(2)(ac).

14. As per the seventh proviso to section 48 of the IT Act, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

15. Section 54EE of the Act exempts long-term capital gains on transfer of shares if the gains upto Rs. 50 lacs are invested in "long term specified assets" (i.e. units of notified fund) within six months from the date of transfer. The investment in long term specified assets should be held for 3 years.

    Further, if the units of the notified fund are transferred within a period of three years from the date of its acquisition, the amount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year in which such units are transferred.

    For the purposes of section 54EE of the IT Act, "long term specified assets" has been defined as a unit or units issued before April 1, 2019, of such fund as may be notified by the Central Government in this behalf.

16. Under section 54F of the IT Act and subject to the conditions and to the extent provided therein, LTCG arising in the hands of the shareholder, being an Individual or Hindu Undivided Family, on transfer of the shares would be exempt from tax, if the net consideration from such transfer is utilized, for purchase within a period of 1 year before or 2 years after the date on which the transfer took place, or for construction within a period of 3 years after the date of such transfer, of one residential house in India ("new asset").

    However, the said exemption shall not be available, if the shareholder:
    (a) Owns more than one residential house, other than the new asset, on the date of transfer of the shares; or
    (b) Purchases any residential house, other than the new asset, within a period of 1 year after the date of transfer of the shares; or

(c) Constructs any residential house, other than the new asset, within a period of 3 years after the date of transfer of the shares; and

(d) The income from such residential house, other than the one residential house owned on the date of transfer of the shares is chargeable under the head 'Income from house property'.

Further, if the new asset is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year in which such residential house is transferred.

17. As per section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the IT Act.

    Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the IT Act.

18. In terms of section 36(1)(xv) of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession", if the income arising from taxable securities transaction is included in such income.

19. As per section 70 of the IT Act, business loss from one source (other than loss on speculation business) for a given year is allowed to be set of against business income from another source. Further, as per section 71 of the IT Act, business loss (other than loss on speculation business) for a given year is allowed to be set-off against income from other heads (except Salaries).

    Balance business loss (other than loss on speculation business), which is not set-off is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' non-speculative business income, as per section 72.

    By virtue of section 73, loss from a speculative business is allowed to be set-off only against income from a speculative business. The balance loss, which is not set-off is allowed to be carried forward for subsequent four assessment years for being set off only against subsequent years' speculative business income.

    Further, as per Explanation to section 73, in case of a company, if any part of the business consists of the purchase and sale of shares, such company shall, for the purpose of this section, be deemed to be carrying on speculation business to the extent to which the business consists of the purchase and sale of such shares. This rule does not apply to a company –

    (a) whose gross total income consists mainly of income which is chargeable under heads of income other Business income; or
    (b) whose principal business is trading in shares or banking or granting of loans and advances.

20. Section 115QA requires the Company to pay distribution tax at the rate of 20% (plus applicable surcharge as cess) on buy-back of shares on any amount of distributed income (being difference between consideration paid for buy-back and the amount received by the company for issue of shares). As per section 10(34A) of the IT Act, income arising to the shareholders on such buy back of shares is exempt from income-tax in the hands of the shareholders.

21. In case, where total income of any individual, HUF, AOP, BOI, Artificial Juridical Person includes any income by way of dividend or capital gains under sections 111A, 112 and 112A, the rate of surcharge on the amount of income-tax computed in respect of such income shall not exceed 15%. The applicable rates of surcharge are tabulated hereunder:

| Total Income | Income other than Dividend & Capital gains covered u/s 111A, 112 and 112A | Dividend & Capital gains covered u/s 111A, 112 and 112A |
|---|---|---|
| Upto ₹50 lakh | Nil | Nil |
| Income exceeds ₹ 50 lakhs but does not exceed ₹1 crore | 10% | 10% |
| Income exceeds ₹1 crore but does not exceed ₹2 crore | 15% | 15% |
| Income exceeds ₹2 crore but does not exceed ₹5 crores | 25% | 15% |
| Income exceeds ₹5 crores | 37% | 15% |

**CII.** ***Non-resident Shareholders (other than Foreign Institutional Investors ("FIIs") or Foreign Porfolio Investors ("FPIs"):***

1. As a consequence of abolition of DDT under section 115-O w.e.f. FY 2020-21, the exemption available under section 10(34) in respect of dividend income has been discontinued. Thus, any dividend declared by the Company in future would be taxable in the hands of the shareholders. As per section 115A, gross amount of dividend would be taxable at the rate of 20% (plus applicable surcharge and cess). The non-resident shareholder may avail treaty benefit (if any), subject to satisfaction of certain conditions.

   The Company would be under an obligation to deduct tax at source under section 195 at applicable rates in force. In the absence of PAN of the shareholder, tax would be deductible at higher of, the applicable rate or 20% as per section 206AA of the IT Act. The provisions of section 206AA will, however not apply if the non-resident shareholder provides to the payer the following details as listed in Rule 37BC:
   (i) name, e-mail id, contact number;
   (ii) address in the country or specified territory outside India of which the shareholder is a resident;
   (iii) Tax Residency Certificate;
   (iv) Tax Identification Number/ Unique Identification Number of the shareholder.

2. Section 206AB provides for a higher withholding rate in case of any person (other than a non-resident who does not have a permanent establishment in India) who has not filed the return of income for assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year. The withholding tax rates in case of such person shall be higher of the following:
   (i) at twice the rate specified in the relevant provision of the IT Act; or
   (ii) at twice the rate or rates in force; or
   (iii) at the rate of 5%.

   Further, where the provisions of section 206AA of the IT Act are applicable to such person, tax shall be deducted at higher of the two rates provided in section 206AB and in section 206AA of the IT Act.

   In case of non-resident shareholder, section 206AB would not apply, except where the non-resident has a

Permanent Establishment in India.

3. Finance Act, 2021 has amended section 234C of the IT Act w.e.f. FY 2020-21 pursuant to which interest at the rate of 1% shall not apply in respect of shortfall of advance tax payment on account of under estimation or failure to estimate dividend income as defined in section 2(22), excluding sub-clause (e) thereof.

4. The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors. The Central Board of Direct Taxes ("CBDT") has clarified in Circular No. 6/2016 dated February 29, 2016 that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as "Capital Gains" unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.

5. The period of holding for shares allotted in consideration of a demerger in accordance with section 2(19AA) ("qualifying demerger") shall include the period for which the original shares in demerged company were held by the shareholder as provided under clause (g) to Explanation 1 to section 2(42A) of the IT Act.

6. Under the first proviso to section 48 of the IT Act, in case of a non-resident shareholder, while computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares, and the capital gains so computed shall be reconverted into Indian currency.

7. As per section 112A of the IT Act, LTCG arising on sale/transfer of listed equity shares will be subject to tax at the rate of 10% if, STT has been paid on both, purchase and sale of shares (except in certain cases notified by CBDT vide Notification No. 60/2018 dated October 1, 2018) and the aggregate LTCG during the financial year exceeds Rs.1 lakh. The said rate will be increased by applicable surcharge and health & education cess. Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112A of the IT Act.

   As per the third proviso to section 48 of the IT Act, LTCG will be computed without considering the indexation benefit.

8. In cases other than those covered u/s 112A, the provisions of section 112 of the IT Act will apply. As per the said provision, LTCG arising on transfer of the shares would be subject to tax at a rate of 20% (plus applicable surcharge and health & education cess), with indexation. Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112 of the IT Act.

9. As per section 111A of the IT Act, Short Term Capital Gains ("STCG"), (i.e. gains from shares held for a period not exceeding twelve months) arising on transfer of the equity shares would be taxable at a rate of 15% (plus applicable surcharge and health & education cess) where such transaction of sale is entered on a recognised stock exchange in India and is liable to STT. Further, no deduction under Chapter VI-A would be allowed in computing STCG subject to tax under section 111A of the IT Act.

   STCG arising from transfer of the shares, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

10. In case, where the shares in PPL (i.e. resulting company) are received pursuant to a qualifying demerger, the cost of

acquisition of such shares as per section 49(2C) shall be determined based on the below formula:

Cost of acquisition of shares of resulting company = Cost of acquisition of shares in demerged company * Net book Value of the assets transferred in the demerger
―――――――――――――――――――――
Net worth of the demerged company before the demerger

11. Section 55(2)(ac) provides for grandfathering of cost where in relation to a long-term capital asset, being *inter alia* an equity share in a company referred to in section 112A, acquired before the 1st day of February, 2018. In this case, the cost of acquisition would be higher of the following:
    (i) the cost of acquisition of such asset; and
    (ii) lower of—
        (A) the fair market value of such asset; and
        (B) the full value of consideration received or accruing as a result of the transfer of the capital asset.

    The fair market value is to be determined in the manner provided under the Explanation to section 55(2)(ac).

12. As per the seventh proviso to section 48 of the IT Act, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

13. Section 54EE of the Act exempts long-term capital gains on transfer of shares if the gains upto Rs. 50 lacs are invested in “long term specified assets” (i.e. units of notified fund) within six months from the date of transfer. The investment in long term specified assets should be held for 3 years.

    Further, if the units of the notified fund are transferred within a period of three years from the date of its acquisition, the amount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year in which such units are transferred.

    For the purposes of section 54EE of the IT Act, “long term specified assets” has been defined as a unit or units issued before April 1, 2019, of such fund as may be notified by the Central Government in this behalf.

14. Under section 54F of the IT Act and subject to the conditions and to the extent provided therein, LTCG arising in the hands of the shareholder, being an Individual or Hindu Undivided Family, on transfer of the shares would be exempt from tax, if the net consideration from such transfer is utilized, for purchase within a period of 1 year before or 2 years after the date on which the transfer took place, or for construction within a period of 3 years after the date of such transfer, of one residential house in India (“new asset”).

    However, the said exemption shall not be available, if the shareholder:
    (a) Owns more than one residential house, other than the new asset, on the date of transfer of the shares; or
    (b) Purchases any residential house, other than the new asset, within a period of 1 year after the date of transfer of the shares; or
    (c) Constructs any residential house, other than the new asset, within a period of 3 years after the date of transfer of the shares; and
    (d) The income from such residential house, other than the one residential house owned on the date of transfer of the shares is chargeable under the head ‘Income from house property’.

    Further, if the new asset is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year in which such residential house is transferred.

15. The provisions of section 115JB of the IT Act do not apply to a foreign company if it is a resident of a country with which India has entered into a DTAA under section 90/90A of the IT Act and the assessee does not have a Permanent

Establishment in India or such company is a resident of a country with which India does not have such agreement and the assessee is not required to seek registration under any law for the time being in force, relating to companies.

Further, section 115JB expressly provides that the amount of income from (i) capital gains arising on transactions in securities; or (ii) interest, royalty or fees for technical services chargeable to tax at the rates specified in Chapter XII, accruing or arising to a foreign company shall not be liable to MAT if such income is credited to the profit and loss account and the income-tax payable in accordance with the other provisions of the Income-tax Act, is less than the rate specified in section 115JB. The expenditures, if any, debited to the profit loss account, corresponding to such income (which is to be excluded from the MAT liability) shall also be added back to the book profit for the purpose of computation of MAT.

W.e.f. FY 2020-21, Finance Act, 2021 extends the above relief from applicability of MAT provisions to dividend income accruing or arising to a foreign company and correspondingly, adding back of expenditure related to such dividend income.

16. As per section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the IT Act.

    Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the IT Act.

17. Where the shares have been subscribed in convertible foreign exchange, Non-Resident Indians ("NRI"), i.e. an individual being a citizen of India or person of Indian origin who is not a resident, have the option of being governed by the provisions of Chapter XII-A of the IT Act, which *inter alia* entitles them to the following benefits:
    (i) Under section 115E of the IT Act, the LTCG arising to the NRI shall be taxable at the rate of 10 % (plus applicable surcharge and health & education cess). While computing the LTCG, the benefit of indexation of cost would not be available.

    (ii) Under section 115F of the IT Act, LTCG arising to an NRI from the transfer of the shares subscribed to in convertible foreign exchange shall be exempt from income-tax, if the net consideration is reinvested in specified assets or in any saving certificates referred to in section 10(4B) of the IT Act, within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets or saving certificate are transferred or converted into money within three years from the date of their acquisition.

    (iii) Under section 115G of the IT Act, it shall not be necessary for an NRI to furnish his return of income under section 139(1) of the IT Act if his income chargeable under the IT Act consists of only investment income or LTCG or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

    (iv) In accordance with the provisions of Section 115H of the IT Act, where an NRI becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the IT Act to the effect that the provisions of Chapter XII-A of the IT Act shall continue to apply to him in relation to such investment income derived from the specified assets (which do not include shares in an Indian company) for that year and subsequent assessment years until such assets are converted into money.

(v) As per provisions of Section 115-I of the IT Act, an NRI may elect not to be governed by provisions of Chapter XII-A and compute his total income as per other provisions of the IT Act.

18. In terms of section 36(1)(xv) of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession", if the income arising from taxable securities transaction is included in such income.

19. As per section 70 of the IT Act, business loss from one source (other than loss on speculation business) for a given year is allowed to be set of against business income from another source. Further, as per section 71 of the IT Act, business loss (other than loss on speculation business) for a given year is allowed to be set-off against income from other heads (except Salaries).

    Balance business loss (other than loss on speculation business), which is not set-off is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' non-speculative business income, as per section 72.

    By virtue of section 73, loss from a speculative business is allowed to be set-off only against income from a speculative business. The balance loss, which is not set-off is allowed to be carried forward for subsequent four assessment years for being set off only against subsequent years' speculative business income.

    Further, as per Explanation to section 73, in case of a company, if any part of the business consists of the purchase and sale of shares, such company shall, for the purpose of this section, be deemed to be carrying on speculation business to the extent to which the business consists of the purchase and sale of such shares. This rule does not apply to a company –

    (a) whose gross total income consists mainly of income which is chargeable under heads of income other than business income; or
    (b) whose principal business is trading in shares or banking or granting of loans and advances.

20. Section 115QA requires the Company to pay distribution tax at the rate of 20% (plus applicable surcharge as cess) on buy-back of shares on any amount of distributed income (being difference between consideration paid for buy-back and the amount received by the company for issue of shares). As per section 10(34A) of the IT Act, income arising to the shareholders on such buy back of shares is exempt from income-tax in the hands of the shareholders.

21. In case, where total income of any individual, AOP, BOI, Artificial Juridical Person includes any income by way of dividend or capital gains referred under sections 111A, 112 and 112A, the rate of surcharge on the amount of income-tax computed in respect of such income shall not exceed 15%. The applicable rates of surcharge are tabulated hereunder:

| **Total Income** | **Income other than Dividend & Capital gains covered u/s 111A, 112 and 112A** | **Dividend & Capital gains covered u/s 111A, 112 and 112A** |
|---|---|---|
| Upto ₹50 lakh | Nil | Nil |
| Income exceeds ₹ 50 lakhs but does not exceed ₹1 crore | 10% | 10% |
| Income exceeds ₹1 crore but does not exceed ₹2 crore | 15% | 15% |
| Income exceeds ₹2 crore but does not exceed ₹5 crores | 25% | 15%* |
| Income exceeds ₹5 crores | 37% | 15%* |

* The capping of surcharge at 15% would not be available in case the income is taxable under section 115A.

22. As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the DTAA entered between India and the country of residence of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the provisions of the IT Act or the applicable tax treaty (read with MLI, if applicable), whichever is more beneficial. The treaty and MLI provide for various anti-abuse provisions (*viz.* beneficial ownership, Limitation on Benefit, Principal Purpose Test, etc.) which have to be examined for claiming treaty benefit. In order to avail treaty benefit, the non-resident will also have to furnish a Tax Residency Certificate of his being a resident in a country outside India, alongwith Form No. 10F as prescribed under section 90(5) of the IT Act. Further, recently vide Notification No. 03/2022 dated 16 July 2022, the Directorate of Income Tax (Systems) has added Form 10F to the prescribed list of forms to be furnished electronically.

**CIII. *Non-resident Shareholders – FIIs/FPIs:***

1. Section 115AD(1) provides for taxation of income of *inter alia* FIIs/FPIs from securities or capital gains arising from their transfer. The rate of income-tax prescribed under the said section on various streams of income is as under:
   (i) Income in respect of *inter alia* shares – 20%
   (ii) Short Term Capital Gains covered under section 111A – 15%
   (iii) Other Short Term Capital Gains – 30%
   (iv) Long Term Capital Gains – 10%
   (In case of Long Term Capital Gains covered under section 112A, tax shall be calculated on gains exceeding Rs. 1 lac)

   The computation of income has to be in accordance with section 115AD and other applicable provisions of the IT Act. FII/FPI shareholder may avail treaty benefit (if any), subject to satisfaction of certain conditions.

2. As a consequence of abolition of DDT under section 115-O w.e.f. FY 2020-21, the exemption available under section 10(34) in respect of dividend income has been discontinued. Thus, dividend declared by the Company in future would be taxable in the hands of the shareholders as per section 115AD on gross basis.

   The Company would be under an obligation to deduct tax at source under section 196D at 20% (plus applicable surcharge and cess) or rate per the applicable treaty (subject to satisfaction of certain conditions), whichever is lower.

   In the absence of PAN of the shareholder, tax would be deductible at higher of, the applicable rate or 20% as per section 206AA of the IT Act. The provisions of section 206AA will, however not apply if the non-resident shareholder provides to the payer the following details as listed in Rule 37BC:
   (i) name, e-mail id, contact number;
   (ii) address in the country or specified territory outside India of which the shareholder is a resident;
   (iii) Tax Residency Certificate;
   (iv) Tax Identification Number/ Unique Identification Number of the shareholder.

3. Section 206AB provides for a higher withholding rate in case of any person (other than a non-resident who does not have a permanent establishment in India) who has not filed the return of income for assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year. The withholding tax rates in case of such person shall be higher of the following:
   (i) at twice the rate specified in the relevant provision of the IT Act; or

(ii) at twice the rate or rates in force; or
(iii) at the rate of 5%.

Further, where the provisions of section 206AA of the IT Act are applicable to such person, tax shall be deducted at higher of the two rates provided in section 206AB and in section 206AA of the IT Act.

In case of non-resident shareholder, section 206AB would not apply, except where the non-resident has a Permanent Establishment in India.

4. Finance Act, 2021 has amended section 234C of the IT Act w.e.f. FY 2020-21 pursuant to which interest at the rate of 1% shall not apply in respect of shortfall of advance tax payment on account of under estimation or failure to estimate dividend income as defined in section 2(22), excluding sub-clause (e) thereof.

5. As per section 2(14) of the IT Act, any securities held by a FII which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs as capital gains.

6. The provisions of Indirect transfer in terms of Explanation 5 to section 9 of the IT Act shall not apply to non-resident investors, being Foreign Portfolio Investor ("FPI") Category-I and Category-II registered under Securities and Exchange Board of India (FPI) Regulations, 2014.

7. The period of holding for shares allotted in consideration of a demerger in accordance with section 2(19AA) ("qualifying demerger") shall include the period for which the original shares in demerged company were held by the shareholder as provided under clause (g) to Explanation 1 to section 2(42A) of the IT Act.

8. Under the first proviso to Section 48 of the IT Act, in case of a non-resident shareholder, while computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sale consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares.

9. Capital gains taxable under section 115AD would be computed without giving effect to the first and second proviso to section 48. In other words, adjustment in respect of foreign exchange fluctuation and benefit of indexation would not be allowed while computing the Capital Gains. In case of LTCG arising on long term capital assets referred to in section 112A, the gain will be chargeable to tax at 10% on income exceeding one lakh rupees.

Further, no deduction under Chapter VI-A would be allowed in computing STCG and as well as LTCG.

10. In case where the shares in PPL (i.e. resulting company) are received pursuant to a qualifying demerger, the cost of acquisition of such shares as per section 49(2C) shall be determined based on the below formula:

$$\text{Cost of acquisition of shares of resulting company} = \text{Cost of acquisition of shares in demerged company} * \frac{\text{Net book Value of the assets transferred in the demerger}}{\text{Net worth of the demerged company before the demerger}}$$

11. Section 55(2)(ac) provides for grandfathering of cost where in relation to a long-term capital asset, being inter *alia* an equity share in a company referred to in section 112A, acquired before the 1st day of February, 2018. In his case the

cost of acquisition would be higher of the following:

(i) the cost of acquisition of such asset; and

(ii) lower of—

(A) the fair market value of such asset; and

(B) the full value of consideration received or accruing as a result of the transfer of the capital asset.

The fair market value is to be determined in the manner provided under the Explanation to section 55(2)(ac).

12. As per the seventh proviso to section 48, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

13. As per section 196D(2) of IT Act, tax is not required to be deducted at source from any income, by way of Capital Gains arising to a FII from the transfer of securities referred to in section 115AD of the IT Act.

14. The provisions of section 115JB of the IT Act do not apply to a foreign company if it is a resident of a country with which India has entered into a DTAA under section 90/90A of the IT Act and the assessee does not have a Permanent Establishment in India or such company is a resident of a country with which India does not have such agreement and the assessee is not required to seek registration under any law for the time being in force, relating to companies.

    Further, section 115JB expressly provides that the amount of income from (i) capital gains arising on transactions in securities; or (ii) interest, royalty or fees for technical services chargeable to tax at the rates specified in Chapter XII, accruing or arising to a foreign company shall not be liable to MAT if such income is credited to the profit and loss account and the income-tax payable in accordance with the other provisions of the Income-tax Act, is less than the rate specified in section 115JB. The expenditures, if any, debited to the profit loss account, corresponding to such income (which is to be excluded from the MAT liability) shall also be added back to the book profit for the purpose of computation of MAT.

    W.e.f. FY 2020-21, Finance Act, 2021 extends the above relief from applicability of MAT provisions to dividend income accruing or arising to a foreign company and correspondingly, adding back of expenditure related to such dividend income.

15. Section 54EE of the Act exempts long-term capital gains on transfer of shares if the gains upto Rs. 50 lacs are invested in “long term specified assets” (i.e. units of notified fund) within six months from the date of transfer. The investment in long term specified assets should be held for 3 years.

    Further, if the units of the notified fund are transferred within a period of three years from the date of its acquisition, the amount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year in which such units are transferred.

    For the purposes of section 54EE of the IT Act, “long term specified assets” has been defined as a unit or units issued before April 1, 2019, of such fund as may be notified by the Central Government in this behalf.

16. As per section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years’ STCG as well as LTCG, in terms of section 74 of the IT Act.

    Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years’ LTCG, in terms of section 74 of the IT Act.

17. The CBDT has vide Notification No. 9/2014 dated January 22, 2014, notified FPIs registered under the Securities and Exchange Board of India (FPI) Regulations, 2014 as FII for the purpose of section 115AD of the IT Act.

18. Section 115QA requires the Company to pay distribution tax at the rate of 20% (plus applicable surcharge as cess) on buy-back of shares on any amount of distributed income (being difference between consideration paid for buy-back and the amount received by the company for issue of shares). As per section 10(34A) of the IT Act, income arising to the shareholders on such buy back of shares is exempt from income-tax in the hands of the shareholders.

19. In case, where total income of any individual, AOP, BOI, Artificial Juridical Person includes any income by way of dividend or capital gains referred under section 115AD(1)(b), the rate of surcharge on the amount of income-tax computed in respect of such income shall not exceed 15%. The applicable rates of surcharge are tabulated hereunder:

| Total Income | Income other than Dividend & Capital gains referred u/s 115AD(1)(b) | Dividend & Capital gains covered referred u/s 115AD(1)(b) |
|---|---|---|
| Upto ₹50 lakh | Nil | Nil |
| Income exceeds ₹ 50 lakhs but does not exceed ₹1 crore | 10% | 10% |
| Income exceeds ₹1 crore but does not exceed ₹2 crore | 15% | 15% |
| Income exceeds ₹2 crore but does not exceed ₹5 crores | 25% | 15% |
| Income exceeds ₹5 crores | 37% | 15% |

20. As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the DTAA entered between India and the country of residence of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the provisions of the IT Act or the applicable tax treaty (read with MLI, if applicable), whichever is more beneficial. The treaty and MLI provide for various anti-abuse provisions (*viz.* beneficial ownership, Limitation on Benefit, Principal Purpose Test, etc.) which have to be examined for claiming treaty benefit. In order to avail treaty benefit, the non-resident will also have to furnish a Tax Residency Certificate of his being a resident in a country outside India, alongwith Form No. 10F as prescribed under section 90(5) of the IT Act. Further, recently vide Notification No. 03/2022 dated 16 July 2022, the Directorate of Income Tax (Systems) has added Form 10F to the prescribed list of forms to be furnished electronically.

**CIV. *Category III Alternative Investment Fund located in International Financial Services Centre & Investment Division of an Offshore Banking Unit:***

1. W.e.f. FY 2020-21, the provisions of section 115AD are extended to a ‘specified fund’ defined under clause (c) of the Explanation to clause (4D) of section 10. ‘Specified fund’ is defined to mean a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate, –

    (i) which has been granted a certificate of registration as a Category III Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012 made under the SEBI Act, 1992 or IFSC Authority Act, 2019;
    (ii) which is located in any International Financial Services Centre; and
    (iii) of which all the units are held by non-residents other than unit held by a sponsor or manager;

    Finance Act, 2021 has w.e.f. FY 2021-22 further amended the definition of specified fund to also mean an investment division of an offshore banking unit, which has been—

(i) granted a certificate of registration as a Category I FPI under the SEBI (FPI), Regulations, 2019 made under the SEBI Act, 1992 which has commenced its operations on or before the 31st day of March, 2024; and

(ii) fulfils such conditions including maintenance of separate accounts for its investment division, as may be prescribed

2. The rate of income-tax prescribed under section 115AD(1) on various streams of income is as under:
   (i) Income in respect of *inter alia* shares – 10%
   (ii) Short Term Capital Gains covered under section 111A – 15%
   (iii) Other Short Term Capital Gains – 30%
   (iv) Long Term Capital Gains – 10%
   (In case of Long Term Capital Gains covered under section 112A, tax shall be calculated on gains exceeding ₹1 lac)

   The computation of income has to be in accordance with section 115AD and other applicable provisions of the IT Act.

3. Finance Act, 2021 has further inserted a new sub-sections (1B) w.e.f FY 2021-22 to propose that notwithstanding anything contained in section 115AD(1), in case of investment division of an offshore banking unit, the provisions of this section shall apply to the extent of income that is attributable to the investment division of such banking units.

4. The provisions of section 115AD shall apply only to the extent of income that is attributable to units held by non-resident (not being a permanent establishment of a non-resident in India) calculated in the prescribed manner. Further, as per section 115JEE, the provisions of Alternate Minimum Tax shall not apply to such specified funds.

5. Section 196D(1A) provides for deduction of tax on any income in respect of securities referred to in section 115AD(1)(a) at the rate of 10% (plus applicable surcharge and cess). Provided that no deduction shall be made in respect of an income exempt under section 10(4D). In the absence of PAN, TDS rate would be increased to 20% as per section 206AA.

**CV.** ***Investment Funds – Category I or Category II Alternative Investment Fund ("AIF"):***

1. Under section 10(23FBA) of the IT Act, any income of an Investment Fund, other than the income chargeable under the head "Profits and gains of business or profession" would be exempt from income tax. For this purpose, an "Investment Fund" means a fund registered as Category I or Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternate Investment Fund) Regulations, 2012.

2. As per section 115UB(1) of the IT Act, any income accruing/arising/received by a person from his investment in Investment Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/arising/received by such person had the investments been made directly in the venture capital undertaking.

3. In case, the Fund incurs any losses, only the business losses would be eligible to be carried forward and set-off by the Fund at the Fund level. The prescribed conditions laid down under the IT Act for carry forward and set off of losses should be applicable to the Fund in this regard.

   Losses other than business loss shall be allowed to be carried forward and set-off by the Unitholders while computing the total tax liability, provided that the units of the Fund are held for a period of more than 12 months. Further, such loss cannot be carried forward at Fund level even if the loss is not passed onto the Investors on account of non-fulfilment of condition of holding the units for at least 12 months. The eligible period for carry forward of losses would depend on the nature of loss.

4. Section 115UB of the IT Act further provides that:
   (i) Income paid or credited by Fund shall be deemed to be of the same nature and in the same proportion in the hands of the Investors as if it had been received by or had accrued or arisen to Fund.
   (ii) Income accruing or arising to, or received by, Fund, during a particular financial year, if not paid or credited to the Investors shall be deemed to be credited to the account of the Investors on the last day of the financial year in the same proportion in which such Investors would have been entitled to receive the income, had it been paid in the same financial year.

5. As per section 10(23FBB) read with section 115UB of the IT Act, any business income, accruing or arising to or received by Investors of the Fund, shall be exempt in the hands of the Investors and taxed in the hands of the Fund at the rates specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm and at maximum marginal rate in any other case.

6. Income received by Fund which is exempt in its hand under section 10(23FBA) would not be subjected to any withholding tax by virtue of section 197A(1F) read with Notification No.51/2015/SO1703(E) dated June 25, 2015.

7. Further, as per section 194LBB of the Act, where any income, other than that proportion of income which is of the same nature as income referred to in section 10(23FBB) of the Act, is payable to a unit holder in respect of units of an Investment Fund, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon:
   (i) at the rate of 10% where the payee is a residents; and
   (ii) at the rates in force where the payee is a non-resident.

**CVI. *Mutual Funds:***

Under Section 10(23D) of the IT Act, any income of mutual funds registered under SEBI or Regulations made thereunder or mutual funds set up by public sector banks or public financial institutions or mutual funds authorised by the RBI and subject to the conditions specified therein, is exempt from tax subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

**CVII. *Provident Fund and Pension Fund:***

Under section 10(25) of the IT Act, any income received by trustees on behalf of a recognized provident fund and a recognized superannuation fund is exempt from tax.

**CVIII.*Multi-lateral and Bilateral development Financial Institutions:***

Generally, Multilateral and bilateral development financial institutions may be exempt from taxation in India on the capital gains arising on the sale of shares of the bank depending on the applicable Statute and Acts passed in India. For e.g., World Bank, IBRD, IFC, etc. In case, they are not specifically exempt from tax then the provisions as applicable for capital gains to a non-resident FII, as they should be registered as FII, should apply to these institutions.

**CIX. INCOME TAX ON GIFTS**

Under section 56(2)(x) of the IT Act and subject to exception provided therein, if any person receives from any person, any property, including, *inter alia*, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

(i) where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceeds Rs. 50,000/-, the whole FMV

(ii) where the shares are received for a consideration less than FMV but exceeding Rs. 50,000/, aggregate FMV in excess of the consideration paid.

Rule 11UA of the Income-tax Rules, 1962 ("the Rules") provides for the method for determination of the FMV of various properties (including shares).

**CX. GENERAL ANTI AVOIDANCE RULES ("GAAR"):**

Having regard to Chapter X-A of the IT Act, GAAR may be invoked notwithstanding anything contained in the IT Act. Thus, any arrangement entered into by a taxpayer may be declared to be impermissible avoidance arrangement, as defined in that Chapter and the consequence would inter alia include denial of tax benefit. Further, as per section 90(2A), the benefit of the DTAA will not be available to a non-resident investor, if the concerned tax authorities declare any arrangement to be an impermissible avoidance arrangement. The GAAR provisions are applicable with effect from the Financial Year 2017-18.

**POSSIBLE TAX BENEFITS UNDER INDIRECT TAX LAWS:**

**A. Exemption and benefits provided as per Section 26 of the Special Economic Zone Act, 2005**

1. Exemption from any duty of customs, under the Customs Act, 1962 or the Custom Tariff Act, 1975 or any other law for the time being in force, on goods imported into, or service provided in, a Special Economic Zone or a Unit, to carry on the authorized operations by the Developer or entrepreneur;

2. Exemption from any duty of customs, under the Customs Act, 1962 or the Customs Tariff Act, 1975 or any other law for the time being in force, on goods exported from, or services provided, from a Special Economic Zone or from a Unit, to any place outside India;

3. Drawback or such other benefits as may be admissible from time to time on goods brought or services provided from the Domestic Tariff Area into a Special Economic Zone or Unit or services provided in a Special Economic Zone or Unit by the service providers located outside India to carry on the authorized operations by the Developer or entrepreneur;

4. Exemption from the levy of Goods and Services Tax under Central Goods and Services Act 2017 (read with Central Goods and Services Tax Rules, circulars, notifications), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications) on supply of notified goods and/or services if such goods and/or services are meant to carry on the authorized operations by the Developer or entrepreneur.

**B. Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20)**

1. Remission of Duties and Taxes on Exported Products (RoDTEP)

   The Remission of Duties and Taxes on Exported Products (RoDTEP) scheme was announced by Government of India (GOI) on 14$^{th}$ September 2019 to boost exports by allowing reimbursement of taxes and duties, which are not exempted or refunded under any other scheme in accordance with World Trade Organization (WTO) norms.

   RoDTEP is a combination of the current Merchandise Export from India Scheme (MEIS) and Rebate of State and Central Taxes and Levies (RoSCTL) and will replace all these schemes once come in operations. At present, embedded duties and taxes, which are not refunded under any other scheme, range from 1-3% are reimbursed. Under the scheme, rebate of these taxes will be given in the form of duty credit/electronic scrip.

2. Advance Authorization (AA)

The Advance Authorization Scheme is a scheme where the import of inputs will be allowed to be made duty-free (after making normal allowance for wastage) if they are physically incorporated in a product which is going to be exported. An export obligation is usually set as a condition for issuing Advance Authorization.

The inputs imported are exempt from duties like Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-Dumping Duty, Safeguard Duty and Transition Product-Specific Safeguard Duty, Integrated Goods and Services Tax, Compensation Cess, wherever applicable, subject to certain conditions.

3. Export Oriented Units (EOU)
Export Oriented Units have been defined under the Foreign Trade Policy as those units undertaking to export their entire production of goods and services (except permissible sales in Domestic Tariff Area) where the import of inputs will be allowed to be made duty-free if they are physically incorporated in a product which is going to be exported. An export obligation is usually set as a condition for issuing Advance Authorization.

The inputs imported are exempt from duties like Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-Dumping Duty, Safeguard Duty and Transition Product-Specific Safeguard Duty, Integrated Goods and Services Tax, Compensation Cess, wherever applicable, subject to certain conditions.

4. Export Promotion Capital Goods (EPCG)
The objective of the EPCG Scheme is to facilitate import of capital goods for producing quality goods and services and enhancing India's manufacturing competitiveness. EPCG Scheme facilitates import of capital goods for producing quality goods and services at zero customs duty.

Import under EPCG Scheme shall be subject to a specific export obligation equivalent to 6 times of duties, taxes and cess saved on capital goods, to be fulfilled in 6 years reckoned from date of issue of authorization.

EPCG license holder is exempted from payment of whole of Basic Customs Duty, Additional Customs Duty and Special Additional Duty in lieu of Value Added Tax/local taxes (non-GST goods), Integrated Goods and Services Tax and Compensation Cess, wherever applicable, subject to certain conditions.

**C. Benefits of Duty Drawback scheme under Section 74 and 75 of the Customs Act, 1962**

Section 74 of the Act grants duty drawback up to 98% of the import duty paid on goods, if the goods are re-exported by the importer. The importer is entitled to drawback subject to the fulfilment of the certain conditions. Presently, the rate of Duty Drawback ranges from 0% to 95%.

As per section 75, Central Government is empowered to allow duty drawback on export of goods, where the imported materials are used in the manufacture of such goods. Unlike drawback of a portion of the customs duty paid on imported goods, here the main principle is that the Government fixes a rate per unit of final article to be exported out of the country as the amount of drawback payable on such goods.

**D. Benefits under the Central Goods and Services Act, 2017, respective State Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant Rules prescribed thereunder)**

Under the GST regime, all supplies of goods and services which qualify as export of goods or services are zero-rated, that is, these transactions attract a GST rate of zero per cent.

On account of zero rating of supplies, the supplier will be entitled to claim input tax credit in respect of goods or services used for such supplies and can seek refund of accumulated/unutilized Input Tax Credit (ITC).

There are two mechanisms for claiming refund of accumulated ITC against export. Either person can export under Bond/ Letter of Undertaking (LUT) as zero-rated supply and claim refund of accumulated Input Tax Credit or person may export on payment of integrated Goods and Services Tax and claim refund thereof as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017.

Thus, the GST law allows the flexibility to the exporter (which will include the supplier making supplies to SEZ) to claim refund upfront as integrated tax (by making supplies on payment of tax using ITC) or export without payment of tax by executing a Bond/LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

Further, sales to merchant exporters will attract a concessional GST rate of 0.1% and the supplier can claim refund of accumulated ITC on account of lower output GST rate.

**E. Product Linked Incentive (PLI) Scheme for Pharmaceutical sector:**

The objective of the scheme is to enhance India's manufacturing capabilities by increasing investment and production in the sector and contributing to product diversification to high value goods in the pharmaceutical sector.

The scheme will provide financial incentives on the incremental sales (over Base Year) of pharmaceutical goods and in-vitro diagnostic medical devices to selected applicants based on pre-defined selection criteria. The incentives will be paid for a maximum period of 6 years for each participant depending upon the threshold investments and sales criteria to be achieved by the applicant ranging from 6% to 10%.

Notes:

1. The above benefits are as per the current tax law as applicable in India and as amended from time to time as applicable to the financial year 2022-23.

2. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences in relation to the purchase, ownership and disposal of the equity shares.

3. This statement is intended only to provide general information to the shareholders and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each shareholder is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

4. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. These views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. The Company does not assume responsibility to update the views consequent to such changes.

5. The above statement sets out the possible tax benefits in the hands of the Company, its material subsidiaries and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

**THIS NOTE ON TAXATION SETS OUT THE PROVISIONS OF LAW IN A SUMMARY MANNER ONLY AND IS NOT A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX BENEFITS/CONSEQUENCES. THE NOTE SHOULD BE TREATED AS INDICATIVE AND FOR GUIDANCE PURPOSES ONLY.**

## SECTION V: ABOUT OUR COMPANY

## OUR BUSINESS

*Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 8 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. This section should be read in conjunction with the section "Risk Factors" on page 17.*

*In this section "the Company", "our Company", "we", "us" and "our" refers to Piramal Pharma Limited including the Demerged Undertaking comprising the Pharma Business transferred pursuant to the Scheme.*

### Overview

The Company is a public limited company which was incorporated on March 4, 2020 and is registered with the RoC, Mumbai, Maharashtra, under the Companies Act having its registered office is situated at Gr. Flr., Piramal Ananta, Agastya Corp. Park, Kamani Junction, LBS Marg, Kurla, Mumbai 400 070, Maharashtra, India.

The Company offers a portfolio of differentiated products and services through end-to-end manufacturing capabilities across 15 global facilities and a global distribution network in over 100 countries. The Company includes an integrated CDMO business, CHG business and ICH business, selling over-the-counter products in India. In addition, the Company has a joint venture with Allergan, a leader in ophthalmology in the Indian formulations market. In October 2020, the Company received growth equity investment from the Carlyle Group.

The CDMO business offers integrated services ranging from drug discovery and clinical development to commercial manufacturing of active pharmaceutical ingredients and formulations. The Company caters to a large customer base by leveraging an extensive network of facilities across US, Canada, UK, and India providing global delivery capabilities. The Company's diversified manufacturing footprint enables customer/market proximity and cost-efficient production. The customers benefit from reduced time-to-market and operational complexity and lower supply chain costs to meet their requirements. The Company offers differentiated capabilities in niches areas such as highly potent APIs, antibody drug conjugates, potent sterile injectables, hormonal oral solid dosage forms and biologics and vaccines.

The Complex Hospital Generics business has a presence in inhalation anaesthesia, injectable anaesthesia and pain management, intrathecal therapy and other injectables. The Company is vertically integrated for inhalation anaesthesia and leverage relationships with a global network of partners for its sterile injectables. The Company has a defensible and differentiated portfolio across key hospital-focused products and a strong pipeline of over 40 products with an addressable market of about USD 7.0 billion in various stages of development. Company's products goods are sold in over 100 countries, as it serves hospitals, surgical centres, and veterinary clinics.

The India Consumer Healthcare has a diverse and extensive portfolio of brands across categories including analgesics, skin care, VMS, kids' wellness, digestives, women's health, and hygiene and protection. The Company is among the leading players in India in the self-care space, with established brands like Saridon, Supradyn, Lacto Calamine, Little's, Tetmosol, i-Pill and Polycrol. The business operates on an asset-light model with a wide distribution network with multiple channels including chemists, grocers, modern trade, e-commerce, and kids stores. The Company's products are available in more than 200,000 chemists and cosmetics stores, 10,000+ kids' toys and gift shops, 8,700 modern trade stores and 24 e-commerce portals.

### Our Strengths

#### Global footprint with diversified revenue base

The Company has a global footprint with manufacturing capabilities across 15 facilities spanning across India, US, the UK and Canada. The Company also has global distribution network in over 100 countries. Company's global distribution network gives it access to offer its services and products to large set of customers including large global pharma companies, biotech companies, hospitals and institutions. In FY2022, 68% of the Company's revenue came from regulated markets like North America, Europe and Japan.

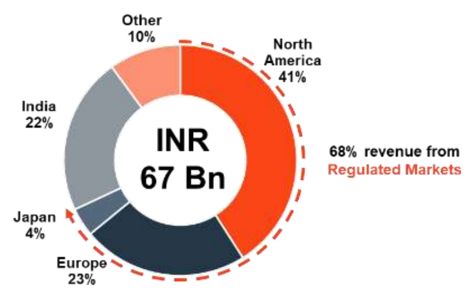
**15**
Manufacturing Sites

**100+**
Countries with Commercial Presence

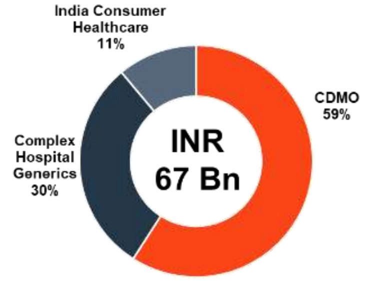
**~500**
CDMO Customers

**6,000+**
CHG Customers (Hospitals)

**Total FY22 Revenue by Geography**




**Total FY22 Revenue by Segments**




**Best-in-class Quality Track Record**

Quality is an integral part of the Company's identity and is considered one of the most critical aspects of its brand value. The Company employs a three-tier quality governance model to prevent dilution of the quality bandwidth while enabling central, regional, and local controls. To ensure due authority, the Quality team operates as an independent function and reports to the Board. The Quality team is competent, multi-layered, and capable of handling all types of compliance challenges. Quality continues to be the collective responsibility of all functions across the organisation.

In order to maintain a sustainable Quality System throughout all sites, the Company uses patented tools to identify site quality health, site audit readiness index and the site's data integrity compliance. The tools are periodically updated to incorporate checkpoints in-line with current regulatory requirements.

Since the start of FY2012, the Company has successfully cleared 36 USFDA audits, 285 total regulatory inspections and 1,432 customer inspections, with zero OAIs (Official Actions Indicated). Company's internal search engine closely tracks any upcoming regulatory guidance at its nascent stage and updates the global quality guideline well before time to enable the site quality system to align with the new regulation in a timely manner

**285**
total regulatory inspections[1]

**36**
USFDA inspections successfully cleared[1]

**Zero**
OAIs[1,2]

**1,432**
total customer audits[1]

✓ Strong quality function with 1,000 people across sites and reporting directly to the Chairperson

✓ Advancement journey from 'Quality for Compliance' to 'Quality as a Culture', with a focus on systems, processes, technology and people

**Track record of Organic and Inorganic expansions**

The Company has successfully completed multiple organic growth initiatives, and closed and integrated 15 M&A transactions in the last 10 years.

In the recent past the Company has added capabilities through successful acquisitions such as:

- The Company acquired a significant minority stake in Yapan Bio, an India-Based CDMO providing expertise in biologics and vaccines, allowing it to broaden its service offerings in the fast-growing biologics CDMO space. Biologics capabilities can be synergistic with its antibody drug conjugation capabilities.

- The Company also acquired a 100% stake in HPPL marking its foray into the development and manufacturing of peptide APIs, a capability that complements its existing service offerings

In addition, the Company is also expanding major sites through customer-led brownfield expansions and have committed $157 Million of growth-oriented Capex investments across multiple sites including expanding API capacities at Aurora (Canada), launching new production block for oral solid dosage formulations at Pithampur (India) and unlocking API manufacturing capacities in Digwal through operational excellence tools. The Company has also announced expansion for antibody drug conjugates at its Grangemouth (UK) facility and expansion of drug substance capabilities at its Riverview facility (USA).

**Strong Board and Management with diversified experience**

With an emphasis on 'Doing Well and Doing Good,' the Company has a strong Board of Directors responsible for developing the Company's vision, policies, and strategic goals and keeping track of its overall performance. The Board acts as the stewardship body of the Company. The Company recognises the importance of a diverse board leveraging different perspectives, experience, expertise, gender, and culture. The Company also has a highly experienced management team across business segments more than 200 years of experience cumulatively, including over 90 years with the Group.

In its ongoing mission to bolster business insight and further augment its organic growth and acquisition strategies, the Company recently announced the addition of three new members to its Board of Directors.

**Focusing on patient centricity, customer centricity, and consumer centricity**

Building a patient, customer, and consumer-centric organisation is of utmost importance to the Company. One of the six important Piramal Success Factors the organisation strives to instil in all its people is that of 'Serving Customers.' The Company strives to win the hearts of patients and customers by providing them high-quality products and services. Company’s expertise in patient, customer, and consumer-centricity is driven by its fundamental principles of knowledge, action, care, and impact. The Company has built credibility through this strategy, which includes medicine, the use of technology, frequent surveys, and workshops.

The Company’s focus towards patient-centricity and customer-centricity drives it to provide flexible high-quality service while aligning itself with customer on their shared goal of serving patients.

**Our Strategies**

The Company has a track record of building scalable differentiated pharma businesses with world class talent in attractive markets through profitable organic and inorganic growth. Its key strategic priorities include:

- Delivering consistent revenue growth and improving profitability
- Pursuing organic and inorganic growth opportunities leveraging fresh capital
    - Capacity expansion across multiple sites
    - Acquisitions of niche manufacturing capabilities for CDMO
    - Add new complex hospital generics through in-licensing, acquisitions and capital investments
    - Organically and inorganically add Consumer Healthcare products to further leverage India-wide distribution platform
- Maintaining robust quality culture across manufacturing/development facilities globally
- Continued focus on patient needs, customer experience, and ESG initiatives

The Company has consistently deliver against its identified strategic priorities despite challenging macro-environment.

**CDMO**:

- The Company is expanding major sites through customer-led brownfield expansions and have committed USD 157 million of growth-oriented Capex investments across multiple sites
- The Company is adding capabilities through successful acquisitions – Acquisition of HPPL and minority stake in Yapan Bio has helped add new technologies and capabilities in peptides and large molecules, including vaccines and gene therapy

- It is strengthening its pipeline across clinical and commercial phases through differentiated offerings, integrated services and leveraging its end-to-end model

**Complex Hospital Generics**:

- The Company is leveraging its differentiated portfolio for gaining market share and driving growth. It has strong commercial presence through combination of its own sales force and local partners. The Company has direct sales force in the US with strong GPO relationship.
- The Company continues to strength its supply chain capabilities through vertical integration, cost-effective and scalable infrastructure, and strong relationships with developers and manufacturers
- The Company is developing a strong pipeline of products in niche areas by leveraging its internal capabilities and through partnership with global players. The Company currently has a pipeline of 40 SKUs across various stages of development with addressable market size of about US$7 billion.

**India Consumer Healthcare:**

- Our Company is continuously investing in brand promotion and marketing to grow its focus brands.
- Our Company is regularly launching new products and brand extensions to drive growth. In FY 2022, our Company launched 40 new products.
- Our Company is strengthening its presence in alternate channels of distribution and also enhancing its field force productivity through tech enablement. Our Company has presence on 24 e-commerce platforms and over 8,700 modern trade stores.

**Description of our business**

*Products and Services*

The Company is primarily engaged, directly and indirectly (i) in the business of contract development and organization services, ranging from discovery clinical development to commercial manufacturing of active pharmaceutical ingredients, formulations; (ii) in the business of manufacturing, selling and distribution of complex hospital generics including inhalation anesthesia injectable anaesthesia, intrathecal spasticity and pain management and select antibiotics; and (iii) developing and marketing of consumer healthcare products.

Revenue segmentation by product/service offering:
- CDMO: 59%
- CHG: 30%
- ICH: 11%

*Geographies Served*

The Company serves primarily North America, Europe, India and Japan.

Revenue segmentation by geographies:
- North America: 41%
- Europe: 23%
- India: 22%
- Japan: 4%
- Rest of World: 10%

We also have end-to-end manufacturing and development facilities located in India, UK, US, and Canada and a global distribution network over 100 countries.

*Quality Control and Quality Assurance*

Quality is a collective responsibility at PPL and is ingrained in the organization's DNA. The Company employs a 3-tier quality governance model enabling central, regional and local controls. To provide due authority and enablement to the Quality group, this group is permitted to operate independently and reports to the Board. The Company continues to invest in hiring world-class talent, technology, infrastructure to enhance Quality oversight across all PPL sites.

Committed to consistently deliver the product with high-quality standards, we have built a strong quality culture demonstrated by an exemplary regulatory inspection outcome of our global facilities. We have a scalable Quality Management System (QMS) framework that is implemented across all Piramal Pharma facilities and have an effective oversight on our contract manufacturing partners and suppliers. Our products are subjected to all required quality check points to ensure it is of a standard quality. Our established complaint handling process ensures we respond appropriately to product quality queries by patients and customers. Our post-marketing Pharmacovigilance system closely tracks risks, if any, with the products and ensure patent safety. Our patented Quality barometer objectively measures site quality health using algorithmic model to provide ready reckoner for leadership focus. Our quality intelligence engine enables cross site and industry wide proactive learning. We have robust review and escalation process to prevent any slippage in our compliance standards.

*Competition*

The Company faces competition of varying degree from different domestic and global companies in the each of the market that it operates in for different products and services that it offers to its customers. Company's competitiveness depends on several factors which includes quality, price and customer services. The Company intends to continue competing vigorously to capture more market share and manage its growth in an optimal way.

**CDMO**

The CDMO market is largely fragmented with several players and few companies occupying a significant market share. The competitive intensity is high, which leads to differentiation playing a key role. Companies displaying differentiated technologies, niche expertise with high barriers to entry, and strict regulatory requirements reap higher growth and margins. CDMOs that can deliver customer-centric, high quality, customised solutions across drug products and drug substances from various regions are distinguished from other industry players.

Company's CDMO business has presence across the value chain from drug research and clinical development to commercial production of active pharmaceutical components and formulations. This, coupled with the ability to manufacture across a wide range of APIs as well as formulations, allows for multiple entry points with clients, resulting in a consistently high win-rate.

For both, innovator and generic pharmaceuticals, the Company leverages its 'End-to-end Model' to offer integrated services with a compelling value proposition – reduced time-to-market, reduced operational complexity and lower supply chain costs.

**Complex Hospital Generics**

Capabilities in inhalation anaesthesia, intrathecal therapies and injectables are harder to acquire and capital intensive. Due to high entry barriers such as high initial investments for supplying and sustaining medical devices such as vaporisers, as well as dedicated production facilities for difficult-to-manufacture products, competition remains limited as compared to traditional generics.

Furthermore, a considerable portion of sales in the Complex Hospital Generic business is done through institutional group purchasing organisations (GPOs) or tender-based industry, both of which are extremely relationship based and highly technical. These factors create hurdles for less experienced competitors and new entrants.

The Company leverages its global network of partners for sterile injectables and has vertical integration for Inhalation Anaesthesia. Through vertical integration, cost-effective and scalable infrastructure, and strong relationships with developers and manufacturers, the Company continues to expand it supply chain capabilities and create an edge over its competitors.

**India Consumer Healthcare**

The health-focused branded consumer segment in India has a market size of around USD 19 billion. While the consumer healthcare market is highly fragmented and competitive market with several MNCs, pan-India and regional players, it expected to grow at a healthy rate due to a young, urbanising population with increasing health consciousness, digital revolution, retail disruptions, and continued value-seeking behaviour of consumers. There is an upward swing in online shopping considering the visibility, targeted positioning and almost infinite shelf space offered by e-commerce platforms.

In order to compete and grow in this fast growing consumer healthcare market, the Company has build diversified portfolio of attractive brands in the areas of analgesics, skin care, VMS, kids' wellness, digestives, women's health, and hygiene and protection which is distributed by an established commercial infrastructure, which is well-entrenched in traditional channels, with a presence in over 200,000 chemists and cosmetics stores and 10,000+ kids' toys and gift shops. The Company's products are also available in more than 8,700 modern trade stores and 24 e-commerce portals.

The Company is also continuously investing in marketing and promotion activities to grow its power brands through celebrity endorsements. Regular new product launches is also an important growth driver for the Company.

*Information Technology*

With the rapid growth of the Company, technology's strategic importance as a business transformer has evolved, rather than just being a commodity service provider or a strategic business partner. Digital adoption has taken a quantum leap encouraging us to undergo digital transformation and adopt to newer strategies and practices.

The technology team continues its journey from being a strategic business partner to co-own business outcome of tech led transformation with the business by:

1. Maximizing productivity through automation
2. Leveraging data to improve business operations and decision making
3. Enhancing customer experience through digital
4. Cloud native IT infrastructure for improved security and flexibility.
5. Improved compliance and information security

In line with the Company's technology vision 'ASPIRE - Aspire to be a Strategic Partner through Innovative solutions for Rapid Growth Enablement', the technology team continues to transform the business through several technology & digital-led initiatives and programmes by focussing on customer, quality, workforce and capabilities in the areas of technology blue-print, data-driven culture, enhanced customer and employee experience, safety and digitization. The Company continues to embrace the bi-modal technology approach of 'Strengthen the Core' and 'Build for Future'.

To enhance PPL's profitable growth momentum and create a future ready organization, we embarked on a digital transformation journey – 'Project Catalyst'. The reason behind undertaking the project is to deploy technology as a catalyst with a vision to sustain profitable growth by enhancing customer experience, frictionless supplier collaboration and highly productive and efficient workforce. The objective is to build an intelligent organization by leveraging digital ERP at the core complemented by innovative edge applications, hyper-automation and data analytics. We carried out the strategy phase of this journey to draw a tech enabled 3-year digital transformation roadmap consisting of more than 50 initiatives covering enterprise-wide processes, technologies and people across all the PPL entities.*Intellectual Property*

Piramal Pharma Limited has over 20 years of strong track record for TRIPS compliance, the cornerstone of our philosophy on intellectual property rights built on upholding the intellectual property generated by the Company and all its associates. Our Company has a basket of diversified, high-value product offerings for the global market with 50+ APIs, 20+ peptide APIs both being commercial/under development; with 50+ DMFs & other regulatory filings across CNS, CVS, anti-infective, anti-diabetic segments to name a few. The Company has 97 granted patents/pending patent applications, 1060 registered trademarks/trademark applications, 12 design registrations and 11 copyrights. The logo of our Company and the word 'Piramal' is protected under trademark law and is owned by Piramal Corporate Services Private Limited and a license for use is provided to Piramal Pharma Limited.

*Insurance*

We have identified insurable risks wherever possible and have all the insurance policies necessary for any corporate to have with best of coverage and with proper benchmarking.

All our plants in India are covered under Industrial All Risk insurance covering *inter alia* building, plant & machinery, furniture, equipments, stock located therein. We have transit insurance for purchases & sales as per Inco terms and also have Comprehensive General Liability insurance covering Public & Products Liability insurance. We maintain insurance policies that we believe are customary for companies operating in our industry. We also have Group Mediclaim, Group Personal Accident and Term Life policies. Our current lead insurance company is ICICI Lombard General Insurance Co. Ltd. for non-life policies. Group Term Life policy is with Bajaj Allianz Life Insurance Co. Ltd. Trade receivables are insured under ECGC policies for exports from India.

*Employees*

As of August 31, 2022, we employed a total of 6,180 employees. The breakdown of our permanent employees, is set forth in the table below:

| Divisions | Number of employees |
|---|---|
| Corporate | 173 |
| Consumer Product Division | 936 |
| Piramal Critical Care | 588 |
| Piramal Pharma Solutions | 4483 |
| **Total** | **6,180** |

*Properties*

Our registered office and corporate office is situated at Gr. Flr., Piramal Ananta, Agastya Corp. Park, Kamani Junction, LBS Marg, Kurla,Mumbai - 400070, Maharashtra, India, and is located on owned premises.

As of the date of this Information Memorandum, we have 28 offices, including our registered office and 3 R&D facilities spread across various cities in India, including Mumbai, Hyderabad, Kolkata, New Delhi and Bangalore. Some of our offices are located on leased premises.

Further, we have six manufacturing plants at the following locations:

- Plot No. 67-70, Sector II, Pithampur, District Dhar, 454 775, Madhya Pradesh, India;
- Sy. No. 7-70, Sy. No. 70/1 & 70/2, Digwal Village, Kohir Mandal, Sangareddy District, 502 321 Telangana, India;
- Ennore Express Highway, Ernavur Village, Ennore, Chennai, 600 057, Tamil Nadu, India.
- K-1 Additional M.I.D.C, Mahad-402 302, Maharashtra, India
- Plot No.D-2/11/A1 GIDC, Phase II, Dahej, Tal Vagra, 392130,Gujarat, India
- Plot No C-43, TTC Industrial Area, M.I.D.C, Off. Thane Belapur Road, Navi Mumbai, 400 613, Maharashtra, India.

*Corporate and Social Responsibility*

The CSR initiatives of our Company are primarily undertaken through Piramal Foundation ("**The Foundation**"). The Foundation's focus is on developing innovative solutions to resolve issues that are critical roadblocks towards improving India's education issues. The Foundation believes that considerable positive change can occur, when we collaborate with like-minded partners and nurture projects that are scalable ensuring a long-term impact.

The key initiative undertaken by our Company through The Foundation is Aspirational Districts Collaborative (ADC). ADC is committed to address complex demographic, geographic and socio-economic issues in 112 districts across 28 states by harnessing the power of hyperlocal collaboration between local players and the government, leveraging the power of communities to catalyse behaviour change at scale and speed, and ensure sustainability. Government policy maker, NITI Aayog, is the key partner in this collaboration, along with district governments of 112 aspirational districts and multiple partners who support capacity building and transformation at scale.

The CSR activities are in line with the provisions of Section 135 read with Schedule VII of the Companies Act 2013. The CSR policy of PPL is guided by the core values of the Group, namely, Knowledge, Action, Care and Impact.

# HISTORY AND CERTAIN CORPORATE MATTERS

## Brief history

Our Company was incorporated on March 4, 2020 at Mumbai as a public limited company under the Companies Act and was granted the certificate of incorporation by the RoC.

## Changes in Registered Office

There has been no change in the Registered Office of our Company since its incorporation.

## Our Main Objects

The main objects for which our Company has been established and as contained in the Memorandum of Association are set out hereunder:

"1. To carry on the business of chemists, druggists, chemical manufactures and dealers, dry salters, importers and manufactures of and dealers in all kinds of medicines, drugs, pharmaceutical, medicinal, chemical, industrial and other preparations and articles and makers of and dealers in proprietary articles of all kinds and of electrical, chemical, photographical, surgical and scientific apparatus and materials;

2. To manufacture, buy, sell and deal in mineral waters, wines, cordials, liqueurs, soups, broths and other restoratives or food, specially suitable or deemed to be suitable for invalids and convalescents;

3. To carry on business as manufactures of and dealers in all kinds of toilet requisites, perfumes, collectors of flowers and perfume- producing vegetation;

4. To carry on business as growers and shippers of wines and spirits and of wine and spirit producers, dealers and merchants;

5. To carry on business of manufacturers and producers of and dealers in fats, fertilisers, manures, dips, sprays, vermifuges, fungicides, medicines and remedies of all kinds of agricultural, fruit-growing or other purpose or as remedies for men and animals and whether produced from vegetable or animal matter or by any chemical process;

6. i) To manufacture, buy, sell and deal in:

a. anatomical, orthopedic and surgical appliances and instruments of all kinds;
b. all kinds of oils and oleaginous and saponaceous substance and all kinds of unguents and ingredients;
c. soap and toilet and perfumery articles of all kinds; d. articles of furniture useful to physicians, surgeons and patients; e. rubber goods whatsoever; f. artificial eyes and other organs and limbs; and

ii) generally to carry on all or any of the businesses of corset makers, bondage maker, crutch, chair and stretcher makers, ambulance makers and manufactures of mineral waters, cordials, aerated waters and restoratives or foods specially suitable for invalids and convalescents; and

iii) to carry on the business of providers of all requisites for hospitals, patients and invalids;

7. To carry on business as manufacturers and dealers in plants, machines, machinery, vessels, syphons, filters, bottles, boxes, cases, apparatus, appliances and receptacles of all kinds for manufacturing, improving, treating, preserving, refining, aerating, mineralising, bottling and discharging any liquids, or otherwise dealing with any manufactured product or thing;
8. To buy, manufacture, refine, sell or otherwise deal in salts of all varieties and minerals and acids, alkaloids, sulphates of all kinds, alums, alkalies, medical products and chemical products;

9. To manufacture, export, import, buy and sell, produce and deal in paints and varnishes of all kinds and to buy, sell or deal in oils, fats, dyes and other raw materials necessary for the manufacture thereof and to manufacture and sell all kinds of finishing coating materials, industrial finishing materials, oils, boiled and treated oils, varnishes, lithographic varnishes, insulating varnishes, paints, enamels, nitro-cellulose, enamels and lacquers, finishing and coating materials, printing inks and accessory compounds, synthetic resins and oils, stains and colourings, and organic pigments, etc. drying agents, putties;

10. To manufacture, refine, manipulate, import, export and deal in salts and marine minerals and their derivatives, by-products and compounds, of any nature and kind whatsoever."

## Amendments to our Memorandum of Association

| Effective Date | Particulars |
|---|---|
| August 18, 2022 | • Amendment to clause V of the MoA- the authorised share capital of Rs. 1500,00,00,000 divided into 150,00,00,000 Equity Shares of Rs. 10 each and 10,00,00,000 compulsorily convertible preference shares of face value of INR 10 each was increased to Rs. 3000,00,00,000 divided into 262,90,00,000 Equity Shares having face value of Rs. 10 each; 35,00,00,000 Preference Shares having face value of Rs. 10/- each; and 2,10,00,000 unclassified shares having face value of Rs. 10 each, pursuant to Clause 44.2 of the Scheme.<br>• Amendment to the object clause pursuant to clause 44.2 of the Scheme. |

**Major events and milestones of our Company**

The table below sets forth some of the key events in the history of our Company:

| Calendar year | Event |
|---|---|
| 2020 | Acquired pharmaceutical business from PEL |
| 2020 | 20% Strategic Growth Investment by Carlyle |
| 2020 | Increased stake to 100% in CCPL |
| 2021 | Acquisition of HPPL |
| 2022 | Acquisition of minority stake in Yapan Bio Private Limited |
| 2022 | Composite Scheme of Arrangement under the provisions of section 230 to 232 and other applicable provisions of the Companies Act, 2013 amongst PEL, the Company, CCPL, HPPL, PFPL and their respective shareholders and creditors, sanctioned by the NCLT on August 12, 2022. Pursuant to the Scheme, Demerged Undertaking of PEL, transferred and vested into the Company. |

**Time and cost over-runs**

Except for delays in the implementation and completion of certain capital expansion projects, mainly due to the COVID-19 pandemic, there have been no time and cost over-runs in the setting up of any of the establishments of our Company or in respect of our business operations.

**Defaults or re-scheduling of borrowings**

As of the date of this Information Memorandum, there have been no defaults or re-scheduling/ re-structuring in relation to borrowings availed by our Company from any financial institutions or banks.

**Significant financial and strategic partners**

As of the date of this Information Memorandum, our Company has no significant financial or strategic partners other than a growth investment from CA Alchemy Investments (formerly known as CA Clover Intermediate II Investments), an affiliated entity of CAP V Mauritius Limited, an investment fund managed and advised by affiliated entities of The Carlyle Group Inc ("**Carlyle**").

**Launch of key products or services**

For details of key products or services launched by our Company, see the section titled "*Our Business*" on page 67.

**Changes in the activities of our Company during the preceding five years**

There have been no changes in the activities of our Company since date of its incorporation.

**Subsidiaries**

As of the date of this Information Memorandum, our Company has 20 subsidiaries:

| Sr. No. | Name of the subsidiary | Registered Office | Nature of business | Authorised Capital | Issued, Subscribed and Paid-up Capital | Shareholding of the Company |
|---|---|---|---|---|---|---|
| 1. | Piramal Critical Care Pty Limited | Level 20, Tower A, The Zenith, 821 Pacific Highway, Chatswood, New South Wales 2067, Australia | Incorporated on December 4, 2017 under the provisions of the Corporations Act, 2001 and undertakes | AUD 500,000 divided into 500,000 ordinary shares at par | AUD 500,000 divided into 500,000 ordinary shares at par value of AUD 1 each | 100% |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | pharmaceutical business. | value of AUD 1 each | | |
| 2. | Piramal Healthcare (Canada) Limited | 110 Industrial Parkway North Aurora, Ontario L4G 3H4, Canada | Incorporated on December 1, 2006 under the provisions of the Canada Business Corporation Act and undertakes pharmaceutical business. | Not Applicable | CAD 32,385,913 divided into 27,408 ordinary shares with no par value | 100% |
| 3. | Piramal Critical Care Deutschland GmbH | Am Soeldnermoos 17, 85399, Hall-bergmoos, Germany | Incorporated on January 10, 2012 under the provisions of the German Limited Liability Companies Act and undertakes pharmaceutical business. | Not Applicable | EUR 6,287,000 | 100% |
| 4. | Piramal Critical Care Italia S.P.A. | San Giovanni Lupatoto (VR), Via XXIV Maggio 62/A, Cap 37057, Italy | Incorporated on November 3, 2010 under the provisions of the Italy-Civil Code and undertakes pharmaceutical business. | Not Applicable | EUR 2.500.000 | 100% |
| 5. | Piramal Pharma Japan GK | In Control, ARK Hills Front Tower, 2-23-1 Akasaka, Minato-ku, Tokyo | Incorporated on November 5, 2021 under the provisions of the Companies Act, Japan and undertakes pharmaceutical business. | Not Applicable | JPY 10,000,000 | 100% |
| 6. | Piramal Critical Care B.V. | Rouboslaan 32, 2252 TR Voorschoten, The Netherlands. | Incorporated on November 22, 2017 under the provisions of the Dutch Civil Code and undertakes pharmaceutical business. | Not Applicable | EUR1,000,000 divided into 1,000,000 ordinary shares at par value of EUR 1.00 each. | 100% |
| 7. | Piramal Dutch Holdings N.V. | Bargelaan 200, 2333 CW Leiden | Incorporated on October 17, 2012 under the provisions of the Dutch Civil Code and undertakes business of holding investments | EUR 500.000.000 divided into 500.000.000 of nominal value of EUR 1 each | EUR 203.189.531 divided into 203.189.531 of nominal value of EUR 1 each | 100% |
| 8. | Piramal Pharma Solutions (Dutch) B.V. | Bargelaan 200, 2333 CW Leiden | Incorporated on October 26, 2018 under the provisions of the Dutch Civil Code and undertakes pharmaceutical business. | Not Applicable | EUR 500,000 divided into 500,000 ordinary shares at par value of EURO 1 each. | 100% |
| 9. | Piramal Critical Care (South Africa) Pty Ltd. | Office 2, Ground Floor, Kipersol Hous, Stonemill Office Park, 300 Acacia Road Darrenwood, Gauteng 2194, South Africa | Incorporated on August 11, 2016 under the provisions of the Companies Act 71 of 2008 and undertakes pharmaceutical business. | 4000 shares | Rand 9,750,120 divided into 3000 shares at no par value | 100% |
| 10. | Piramal Critical Care Ltd | Suite 4, Ground Floor Heathrow Boulevard - East Wing, 280 Bath Road, West | Incorporated on June 22, 2004 under the provisions of the Companies Act, UK and undertakes | Not Applicable | USD 11,904,960 divided into 9,600,000 | 100% |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | Drayton, England, UB7 0DQ | pharmaceutical business. | | shares at no par value | |
| 11. | Piramal Healthcare UK Limited | Whalton Road, Morpeth, Northumber-land, NE61 3YA, UK | Incorporated on February 21, 2005 under the provisions of the Companies Act, UK and undertakes pharmaceutical business. | Not Applicable | GBP 23,232,501 divided into 23,232,501 shares at par value of GBP 1 each | 100% |
| 12. | Piramal Healthcare Pension Trustee Limited | Whalton Road, Morpeth, Northumber-land, NE61 3YA, UK | Incorporated on February 21, 2005 under the provisions of the Companies Act, UK and undertakes pension trustee business. | Not Applicable | GBP1 divided into 1 ordinary share at par value of GBP 1 each | 100% |
| 13. | Piramal Pharma Inc. | 251 Little Falls Drive, Wilmington, County of New Castle, DE 19808, USA | Incorporated on February 20, 2004 under the provisions of the General Corporation Law of the State of Delaware and undertakes pharmaceutical business. | Common stock of USD 8,000,000 divided into 8,000 shares of par value of USD 1,000 each. | Common stock of USD 7,100,000 divided into 7,100 shares of par value of USD 1,000 each. | 100% |
| 14. | Piramal Healthcare Inc. | 251 Little Falls Drive, Wilmington, County of New Castle, DE 19808, USA | Incorporated on October 17, 2008 under the provisions of the General Corporation Law of the State of Delaware and undertakes business of holding investments. | Common stock of USD 10,000 divided into 10 shares at par value of USD 1000 each. | Common stock of USD 10,000 divided into 10 shares at par value of USD 1000 each | 100% |
| 15. | Piramal Critical Care Inc. | 1209 Orange Street, Wilmington, New Castle, Delaware, 19801, USA | Incorporated on December 7, 1994 under the provisions of the General Corporation Law of the State of Delaware and undertakes pharmaceutical business. | Common stock of USD 1,00,00,000 divided into 10,000 shares at par value of USD 1,000 each. | Common stock of USD 1,00,00,000 divided into 10,000 shares at par value of USD 1,000 each. | 100% |
| 16. | Piramal Pharma Solutions Inc. | 421 West Main Street, Frankfort, KY 40601, USA | Incorporated on February 1, 2007 under the provisions of the Kentucky Business Corporations Act and undertakes pharmaceutical business. | Common stock of 1000 shares at no par value | Common stock of 1000 shares at no par value | 100% |
| 17. | PEL Pharma Inc. | 2711, Centerville Road, Suite 400, County of New Castle, Wilmington, DE 19808 | Incorporated on August 26, 2015 under the provisions of the General Corporation Law of the State of Delaware and undertakes the business of holding of investments. | USD 10,050,000 divided into 10,050 common shares at par value of USD 1,000 each. | USD 10,050,000 divided into 10,050 common shares at par of USD 1,000 each. | 100% |
| 18. | Ash Stevens LLC | 18655 Krause Street, Riverview, Michigan 48193, USA | Incorporated on August 29, 2018 under provisions of the Delaware Limited Liability Company Act and undertakes pharmaceutical business. | Not Applicable | 100% membership interest | 100% |

| | | | | | | |
|---|---|---|---|---|---|---|
| 19. | PEL Healthcare LLC | 650 Cathill Road, Sellersville, PA 18960, USA | Incorporated on November 5, 2014 under the provisions of the Delaware Limited Liability Company Act and undertakes pharmaceutical business. | Not Applicable | 100% membership interest | 100% |
| 20. | Piramal Pharma II Private Limited | Gr. Flr, Ananta Building, Agastya Corp. Park, Kamani Junction, LBS Marg, Kurla W Mumbai 400 070, Maharashtra, India | Incorporated on June 8, 2022 under the provisions of the Companies Act, 2013 and undertakes Pharmaceutical Business. | INR 50,00,00,000 divided into 5,00,00,000 Equity shares of Rs. 10 each | INR 100,000 divided into 10,000 Equity shares of Rs. 10 each | 100% |

**Holding company**

Prior to the effectiveness of the Scheme, our Company was a subsidiary of the Demerged Company. Post the effectiveness of the Scheme and upon allotment of Equity Shares, the Company does not have a holding company.

**Material Agreements**

**Business Transfer Agreement dated June 26, 2020 between PEL and the Company ("BTA")**

BTA dated June 26, 2020 was entered into between PEL and the Company under which PEL agreed to undertake a sale/transfer of its pharmaceutical business, held directly and through its subsidiaries, as a going concern, on a slump sale basis, to the Company.

**Securities Subscription Agreement dated June 26, 2020 between PEL, Carlyle and the Company ("SSA")**

SSA dated June 26, 2020 was entered into between the Company, PEL and Carlyle, for the subscription of equity securities of the Company by Carlyle, representing 20% of the share capital of the Company, in accordance with the terms and conditions set out therein.

**Share Purchase Agreement 1 and Share Purchase Agreement 2, both dated June 26, 2020 between PEL and the Company ("SPA1" and "SPA2" and collectively, the "SPAs")**

SPAs dated June 26, 2020 were entered into between PEL and the Company to encapsulate the terms and conditions attached to the following transactions:

(i) SPA1: PEL had agreed to sell and the Company had agreed to purchase equity securities held by PEL in Piramal Dutch Holdings N.V. and PEL Pharma Inc; and
(ii) SPA2: PEL had agreed to sell and the Company had agreed to purchase equity securities held by PEL in Piramal Healthcare Inc.

**Shareholders' Agreement dated June 26, 2020 between PEL, Carlyle, and the Company ("SHA")**

SHA dated June 26, 2020 was entered into between PEL, the Company and Carlyle, to record the rights and obligations amongst them in respect of the management and control of the affairs of the Company and to provide for and regulate their inter-se relationship, pursuant to Carlyle's strategic investment in the Company. Pursuant to the Scheme, the shareholding of PEL in the Company, forming part of the Demerged Undertaking stood cancelled. The SHA provides for termination of the SHA inter alia through:
(i) A shareholder ceasing to hold any equity securities of the Company; and
(ii) Listing of the equity shares of the Company on a recognised stock exchange in India (i.e. the National Stock Exchange of India Limited or BSE Limited) pursuant to an IPO or restructuring.

As of the date of this Information Memorandum, there are no agreements entered into by a Key Managerial Personnel or Promoter or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

**Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last ten years**

Other than as disclosed in "*Composite Scheme of Arrangement*" on page 40 and as set out below, our Company has not acquired any business or undertaking and has not undertaken any merger, amalgamation or revaluation of assets.

**(i) Acquisition of pharma business from PEL to PPL**

Pursuant to business transfer agreement dated June 26, 2020 entered into between PEL and our Company, our Company has purchased the pharma business including the manufacturing/R&D facilities located at Ahmedabad, Digwal, Ennore, Pithampur and Rabale as a going concern, on a slump sale basis from PEL and pursuant to share purchase agreements dated June 26, 2020 entered into between PEL and our Company, PEL has also transferred its shareholding in its overseas pharma subsidiaries to our Company.

**(ii) Acquisition of Hemmo Pharmaceuticals Pvt Ltd**

Pursuant to share purchase agreement dated March 31, 2021, our Company acquired 100% of the shareholding of HPPL making HPPL a wholly owned subsidiary of our Company. HPPL was engaged in the business of manufacturing and development of synthetic peptide.

**(iii) Acquisition of stake in Yapan Bio Private Limited ("YBPL")**

Pursuant to share purchase agreement dated December 20, 2021, subscription agreement dated December 20, 2021, shareholders' agreement dated December 20, 2021 and share purchase agreement dated April 4, 2022, our Company acquired 33.33% equity stake in YBPL, an entity that provides process development, scale-up and complaint GMP manufacturing of vaccines and biologics/bio-therapeutics for human clinical trials.

## OUR MANAGEMENT

As per our Articles of Association, our Company is required to have not less than three and not more than 15 Directors. As on the date of this Information Memorandum, our Company has nine Directors out of which four are Independent Directors.

The following table sets forth details of our Board of Directors as on the date of this Information Memorandum:

| Sr. No. | Name, designation, address, occupation, nationality, term and DIN | Age (years) | Other directorships |
|---|---|---|---|
| 1. | **Nandini Piramal**<br><br>***Designation:*** Executive Director<br><br>***Address:*** 96, Karuna Sindhu, Khan Abdul Gaffar Khan Road, Worli, Worli Sea Face, Mumbai 400 018, Maharashtra, India<br><br>***Occupation:*** Business<br><br>***Date of birth:*** October 26, 1980<br><br>***Period and term:*** Appointed with effect from March 4, 2020 for a period of three years and liable to retire by rotation<br><br>***DIN:*** 00286092 | 42 | Indian Companies:<br><br>• Piramal Enterprises Limited<br>• Montane Ventures Private Limited<br>• Piramal Water Private Limited<br>• The Swastik Safe Deposit and Investments Limited<br>• Piramal Udgam Data Management Solutions<br><br>Foreign Companies:<br><br>Nil |
| 2. | **Peter DeYoung**<br><br>***Designation:*** Executive Director<br><br>***Address:*** 96, Karuna Sindhu, Khan Abdul Gaffar Khan Road, Worli, Worli Sea Face, Mumbai 400 018, Maharashtra, India<br><br>***Occupation:*** Industrialist<br><br>***Date of birth:*** April 20, 1978<br><br>***Period and term:*** Appointed with effect from March 4, 2020 for a period of three years and liable to retire by rotation<br><br>***DIN***: 07152550 | 44 | Indian Companies:<br><br>Nil<br><br>Foreign Companies:<br><br>• Piramal Pharma Inc.<br>• Piramal Healthcare Inc.<br>• Piramal Critical Care Inc.<br>• Piramal Pharma Solutions Inc.<br>• PEL Pharma Inc.<br>• Piramal Critical Care Limited<br>• Piramal Healthcare (Canada) Limited<br>• Piramal Critical Care Italia S.P.A.<br>• Piramal Dutch Holdings N.V.<br>• Piramal Dutch IM Holdco B.V.<br>• Piramal Critical Care B.V.<br>• Piramal Critical Care South Africa (Pty) Limited<br>• Piramal Critical Care Pty Limited<br>• Piramal Healthcare UK Limited<br>• Ash Stevens LLC<br>• PEL Healthcare LLC |
| 3. | **Vivek Valsaraj**<br><br>***Designation:*** Executive Director<br><br>***Address:*** Flat No.C -1403/04, 14th Floor, Tribeca Building, Hiranandani Estate, Ghodbunder Road, Patalipada, Thane (West) 400 607, Maharashtra, India<br><br>***Occupation:*** Service<br><br>***Date of birth:*** August 12, 1973<br><br>***Period and term:*** Appointed with effect from February 9, 2022 for a period of three years and liable to retire by rotation | 49 | Indian Companies:<br><br>• Allergan India Private Limited<br><br>Foreign Companies:<br><br>• Piramal Healthcare UK Limited<br>• Piramal Critical Care Inc.<br>• Piramal Healthcare (Canada) Limited<br>• Piramal Holdings (Suisse) SA<br>• Ash Stevens LLC |

| Sr. No. | Name, designation, address, occupation, nationality, term and DIN | Age (years) | Other directorships |
|---|---|---|---|
| | ***DIN**:* 06970246 | | |
| 4. | **Neeraj Bharadwaj***<br><br>***Designation**:* Non-Executive Director<br><br>***Address:*** A-187, New Friends Colony, South Delhi, New Delhi 110 065, India<br><br>***Occupation**:* Service<br><br>***Date of birth**:* December 18, 1968<br><br>***Period and term**:* Appointed with effect from October 6, 2020 and liable to retire by rotation<br><br>***DIN**:* 01314963 | 54 | Indian Companies:<br><br>• Foundation for Promotion of Sports and Games<br>• Indian School of Business<br>• Carlyle India Advisors Private Limited<br>• Visionary RCM Infotech (India) Private Limited<br>• Coditech Software Solutions India Private Limited<br>• Sequent Scientific Limited<br>• Nxtra Data Limited<br>• Indegene Private Limited<br>• Viyash Lifesciences Private Limited<br>• Hexaware Technologies Limited<br>• Ver Se Innovation Private Limited<br><br>Foreign Companies:<br><br>• Friends of the Indian School of Business Foundation, USA<br>• Foundation for Promotion of Sports and Games, (OGQ)<br>• Foundation for Promotion of Sports and Games,(USA)<br>• Mars Group Holdings Ltd<br>• Venus Acquisition LLC<br>• Venus Acquisition Subsidiary LLC<br>• VXI Global Solutions LLC<br>• VXI Hongkong Ltd<br>• Hongkong Vision-X Ltd<br>• Harvard Business School India Advisory Board (SAAB for HBS)<br>• Vision-X Enterprises Management Ltd<br>• Chengdu Vision-X Information Technology Company Ltd<br>• Hefei Vision-X Information Technology Company Ltd<br>• Vision-X Inc.<br>• Shanghai Vision-X Electronic Technology Ltd. |
| 5. | **S. Ramadorai**<br><br>***Designation**:* Independent Director<br><br>***Address:*** Flat No. 1, Wyoming, Little Gibbs Road, Malabar Hill, Mumbai 400 006, Maharashtra, India<br><br>***Occupation**:* Retired Professional<br><br>***Date of birth**:* October 06, 1944<br><br>***Period and term**:* Fixed term for a period of five years with effect from February 9, 2021<br><br>***DIN**:* 00000002 | 77 | Indian Companies:<br><br>• Tata Technologies Limited<br>• Piramal Enterprises Limited<br>• DSP Investment Managers Private Limited<br>• Centre for Asian Philanthropy India<br>• Breach Candy Hospital Trust<br>• British Asian India Foundation<br>• Institute for Policy Research Studies<br><br>Foreign Companies:<br><br>• Cartica Acquisition Corp |
| 6. | **Jairaj Purandare**<br><br>***Designation**:* Independent Director | 63 | Indian Companies:<br><br>• HDFC Asset Management Company Limited<br>• JMP Advisors Private Limited<br>• Indegene Private Limited |

| Sr. No. | Name, designation, address, occupation, nationality, term and DIN | Age (years) | Other directorships |
|---|---|---|---|
| | ***Address:*** 1, Lalit, 37, Nathanlal Parekh Marg, Mumbai 400 001, Maharashtra, India<br><br>***Occupation:*** Advisor - Tax & Regulatory<br><br>***Date of birth:*** June 30, 1959<br><br>***Period and term:*** Fixed term for a period of five years with effect from February 9, 2021<br><br>***DIN:*** 00159886 | | Foreign Companies:<br><br>Nil |
| 7. | **Peter Stevenson**<br><br>***Designation:*** Independent Director<br><br>***Address:*** 2200 North Ocean Blvd, Unit S-1001 Fort Lauderdale, FL 33305, USA<br><br>***Occupation:*** Retired pharma professional<br><br>***Date of birth:*** February 03, 1953<br><br>***Period and term:*** Fixed term for a period of five years with effect from March 30, 2022<br><br>***DIN:*** 09544706 | 69 | Indian Companies:<br><br>Nil<br><br>Foreign Companies:<br><br>Nil |
| 8. | **Sridhar Gorthi**<br><br>***Designation:*** Independent Director<br><br>***Address:*** 1002, 10th Floor, June Blossoms, Manuel Gonsalves Road, Near Saint Peters Church, Bandra (West), Mumbai 400 050, Maharashtra, India<br><br>***Occupation***: Professional lawyer<br><br>***Date of birth:*** July 31, 1972<br><br>***Period and term:*** Fixed term for a period of five years with effect from March 30, 2022<br><br>***DIN:*** 00035824 | 50 | Indian Companies:<br><br>• Glenmark Pharmaceuticals Limited<br>• Hathaway Cable and Datacom Limited<br>• Glenmark Life Sciences Limited<br>• Exide Industries Limited<br><br>Foreign Companies:<br><br>Nil |
| 9. | **Nathalie Leitch**<br><br>***Designation:*** Non-Executive Director<br><br>***Address:*** 1110 Hudson St., 5N, Hoboken, NJ 07030, USA<br><br>***Occupation:*** Retired professional<br><br>***Date of birth***: December 29, 1967<br><br>***Period and term:*** Appointed with effect from May 24, 2022 and liable to retire by rotation<br><br>***DIN:*** 09557042 | 54 | Indian Companies:<br><br>Nil<br><br>Foreign Companies:<br><br>• PEL Pharma Inc. |
| 10. | **Vibha Paul Rishi**<br><br>***Designation:*** Independent Director | 62 | Indian Companies<br><br>• ICICI Bank Limited |

| Sr. No. | Name, designation, address, occupation, nationality, term and DIN | Age (years) | Other directorships |
|---|---|---|---|
| | ***Address:*** Flat No. CM-519B, The Camellias, Golf course Road, DLF phase -5, Galleria DLF IV, Gurgaon 122 009, Haryana, India<br><br>***Occupation:*** Professional<br><br>***Date of Birth:*** June 19, 1960<br><br>***Period and term:*** Fixed term for a period of five years with effect from August 30, 2022<br><br>***DIN:*** 05180796 | | • ICICI Prudential Life Insurance Company Limited<br>• Asian Paints Limited<br>• Tata Chemicals Limited<br>• Pratham Education Foundation<br><br>Foreign Companies:<br><br>Nil |

**Nominee of Carlyle. The right of Carlyle to nominate will survive the listing of the Equity Shares of the Company, subject to shareholder's approval.*

**Relationship between our Directors**

As on the date of this Information Memorandum, none of the Directors are related to each other except for Nandini Piramal, who is the wife of Peter DeYoung.

**Brief Biographies of Directors**

**Nandini Piramal** is the Chairperson and Executive Director of the Company. She holds a bachelor's degree from Oxford University and a master's degree in business administration from the Stanford Graduate School of Business. She heads the human resources function and the information technology function at Piramal Group. In 2020, she was recognised amongst 'India's Most Powerful Women' by Business Today and in 2014, the World Economic Forum recognised her as a `Young Global Leader'.

**Peter DeYoung** is an Executive Director of the Company and the CEO of Piramal Global Pharma. He holds a bachelor's degree in engineering from Princeton University (summa cum laude) and a master's degree in business administration from Stanford University. Previously, he has worked in various investing and consulting roles in healthcare in the USA, Europe and India.

**Vivek Valsaraj** is an Executive Director and President – Finance and Chief Financial Officer of the Company. He is a qualified Cost and Management Accountant with over two decades of experience in the field of finance and currently oversees the finance & shared services functions of the Company. He has been associated with the Piramal Group for over 21 years, and has previously served various roles across corporate, the erstwhile domestic formulations business as well as CFO of the pharma business.

**Neeraj Bharadwaj** is a Non-executive Director of the Company. After graduating summa cum laude with a bachelor's degree in Economics, he has an MBA from Harvard Business School. Bharadwaj is the Managing Director of Carlyle India Advisors Private Limited, focused on growth capital and buyout opportunities across sectors in India.

**S. Ramadorai** is an Independent Director of the Company. A graduate from Delhi University, he attended the Sloan School of Management's highly acclaimed Senior Executive Development Program. S. Ramadorai was in public service from February 2011 to October 2016. Ramadorai is a well-recognized global leader and technocrat who has participated in the Indian IT journey from a mere idea in 1960's to a mature industry today. In recognition of his commitment and dedication to the IT industry he was awarded the Padma Bhushan (India's third highest civilian honour) in January 2006.

**Jairaj Purandare** is an Independent Director of our Company. He is the founder chairman of JMP Advisors Private Limited, a leading advisory, accounting, tax and regulatory services firm, based in Mumbai, India. He has almost four decades of experience in accounting, tax and business advisory matters and is an authority on tax and regulation.

**Sridhar Gorthi** is an Independent Director of the Company. An alumnus of the National Law School Bengaluru, he is a founding partner of Trilegal, a law firm. He is a part of the corporate practice group, and is considered a leading authority on corporate law, M&A and private equity in the country. He has been actively involved in several high-profile cross-border and domestic transactions. His experience spans an array of sectors, including manufacturing, pharmaceuticals, insurance, banking and financial services, technology, telecom and media.

**Peter Stevenson** is an Independent Director of the Company. He retired from Pfizer in 2019 where he held leadership positions in manufacturing and business operations and has strong operational experience leading complex manufacturing operations including worldwide external supply, 11 internal production sites in the US mainland, Puerto Rico, Europe and Asia, and global procurement. He is currently Board Vice Chair for United to Combat Neglected Tropical Diseases and Chair of the Governance Committee.

**Nathalie Leach** is a Non-executive Director of the Company. She is a Bachelor of Science graduate from the University of Toronto and a master's in business administration from Queen's University, Canada. Nathalie has more than 20 years of progressive experience in the North American generic and branded pharmaceuticals markets. She has held senior positions with some of the leading players competing in the generic retail and institutional markets including Baxter, Allergan (Actavis), Teva and Fresenius Kabi. Through these various roles, Nathalie has gained a deep knowledge of US generic market dynamics, the companies competing in the space and of retail and institutional customers.

**Vibha Paul** is an Independent Director of the Company. She holds bachelor's degree in economics from Lady Sri Ram College, University of Delhi and a master's degree in business administration with specialization in marketing from the Faculty of Management Studies, New Delhi. She is a passionate marketing professional, specializing in Indian and international markets. She has worked at senior positions in branding, strategy, innovation and human capital around the world.

**Shareholding of Directors in our Company**

Except for Nandini Piramal, Peter DeYoung, Vivek Valsaraj and S. Ramadorai, none of our Directors hold any Equity Shares in the Company. The details of the shareholding are set forth below in the table:

| Sr. No. | Name of the Director | No. of Equity Shares | Percentage of the paid up share capital (%) |
|---|---|---|---|
| 1. | Nandini Piramal | 1,81,948 | 0.02 |
| 2. | Peter DeYoung | 4,32,000 | 0.04 |
| 3. | Vivek Valsaraj | 99,312 | 0.01 |
| 4. | S. Ramadorai | 24,008 | 0.00 |

Our Articles of Association do not require our Directors to hold any qualification shares.

**Changes in our Board in the last three years**

| Name | Date of change | Reason |
|---|---|---|
| Nandini A. Piramal | March 4, 2020 | Appointed as First Director |
| Peter DeYoung | March 4, 2020 | Appointed as First Director |
| Vivek Valsaraj | March 4, 2020 | Appointed as First Director |
| Rajesh Laddha | August 17, 2020 | Appointed as a Non-Executive Director |
| Neeraj Bharadwaj | October 6, 2020 | Appointed as a Non-Executive Director |
| Peter DeYoung | October 6, 2020 | Re-designated as Whole-Time Director |
| Vivek Valsaraj | October 28, 2020 | Resigned as Whole-Time Director |
| S. Ramadorai | February 9, 2021 | Appointed as an Independent Director |
| Jairaj M. Purandare | February 9, 2021 | Appointed as an Independent Director |
| Nandini Piramal | April 1, 2021 | Re-designated as Whole-Time Director |
| Rajesh Laddha | February 8,2022 | Resigned as Non-Executive Director |
| Vivek Valsaraj | February 9,2022 | Appointed as Whole-Time Director |
| Sridhar Gorthi | March 30, 2022 | Appointed as an Independent Director |
| Peter Stevenson | March 30, 2022 | Appointed as an Independent Director |
| Nathalie Ann Leitch | May 24, 2022 | Appointed as a Non-Executive Director |
| Vibha Paul | August 30, 2022 | Appointed as an Independent Director |

**Borrowing Powers of Board**

Pursuant to a resolution passed by the Shareholders of our Company on June 20, 2020 and subject to the provisions of the Companies Act, 2013 and the Articles of Association, the Board is authorised to borrow money, as and when required, from, including without limitation, any bank and/or other financial institution and/or foreign lender and/or any body corporate/ entities/ and/or authorities, either in Rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding a sum of Rs. 2,500 crores for the Company, notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in ordinary course of business) may exceed the aggregate of the paid-up capital of the Company, its free reserves and securities premium. Upon coming into effect of the Scheme, the borrowing limits of the Company has increased without any further act, instrument or deed to the equivalent of the aggregate borrowings forming part of the Demerged Liabilities transferred by the Demerged Company to the Company and the liabilities transferred by the Amalgamating Pharma Companies to the Company pursuant to the Scheme. Such limits shall be incremental to the existing borrowing limits of the Company.

**Corporate Governance**

The provisions of the SEBI Listing Regulations with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. In respect of corporate governance, we are in compliance with the requirements of the applicable laws including the SEBI Listing Regulations and the Companies Act, and the rules made thereunder. The corporate governance framework of our Company is based on an effective and independent Board, separation of the Board's supervisory role from the executive management team, and constitution of the Board Committees, as required under applicable laws.

Our Board has been constituted in compliance with the SEBI Listing Regulations and the Companies Act. The Board functions either as a full board or through various committees constituted to oversee specific functions. The scope and function of our audit committee, nomination, remuneration and compensation committee, corporate social responsibility committee and stakeholders' relationship committee are in accordance with the provisions of the Companies Act and the SEBI Listing Regulations, as amended from time to time. Further, our executive management provides our Board detailed reports on its performance periodically.

Currently, our Board has ten Directors, with five Independent Directors (including one women Director) and three Executive Directors and two Non-Executive Directors and we are in compliance with the SEBI Listing Regulations.

**Details of remuneration for our Directors**

- ***Executive Directors***

  The following table sets forth details of the remuneration paid to the Executive Directors of our Company for the financial year ended March 31, 2022:

| Name of the Director | Amount (Rs. in lakhs) |
|---|---|
| Nandini Piramal | 365.75 |
| Peter DeYoung | 492.59 |
| Vivek Valsaraj* | 215.84 |

** Since Mr. Vivek Valsaraj was appointed as a Whole-Time Director with effect from February 9, 2022 on our Board, remuneration was paid to him in the capacity of a Director.*

- ***Non-Executive Directors***

  The following table sets forth details of the remuneration paid to the Non- Executive Directors of our Company for the financial year ended March 31, 2022:

| Name of the Director | Amount (Rs. in lakhs) |
|---|---|
| S. Ramadorai | 36.00 |
| Jairaj Purandare | 36.00 |

Further, our Non-Executive Directors are each entitled to receive a sitting fee for attending each meeting of our Board and the various committees of our Board.

**Committees of the Board of Directors**

In addition to the committees of the Board detailed below, our Board of Directors may, from time to time, constitute committees for various functions.

***Audit Committee***

Our Audit Committee was re-constituted on February 08, 2022 with the following members:

1. Jairaj Purandare, Chairperson

2. S. Ramadorai
3. Sridhar Gorthi

***Nomination, Remuneration and Compensation Committee***

Our Nomination, Remuneration and Compensation Committee was re-constituted on August 30, 2022with the following members:

1. S. Ramadorai, Chairperson
2. Jairaj Purandare
3. Nandini Piramal
4. Vibha Paul Rishi

***Corporate Social Responsibility Committee***

Our Corporate Social Responsibility Committee was re-constituted on February 08, 2022 with the following members:

1. Jairaj Purandare, Chairperson
2. Nandini Piramal
3. Vivek Valsaraj

***Stakeholders Relationship Committee***

Our Stakeholders Relationship Committee was constituted on August 30, 2022 with the following members:

1. Vibha Paul Rishi, Chairperson
2. Nandini Piramal
3. Vivek Valsaraj

**Sustainability and Risk Management Committee**

Our **Sustainability and Risk Management Committee** was re-constituted on August 30, 2022 with the following members:

1. Nandini Piramal, Chairperson
2. Jairaj Purandare
3. Neeraj Bharadwaj
4. Sridhar Gorthi

**Our Key Managerial Personnel**

**Brief Biographies of our Key Managerial Personnel**

In addition to Nandini Piramal, Peter DeYoung, and Vivek Valsaraj, whose details are provided above in "– Brief Biographies of our Directors", the details of our other Key Managerial Personnel as on the date of Information Memorandum is set forth below:

**Tanya Sanish** is the Company Secretary and Compliance Officer of our Company. She holds a bachelor's degree in commerce from Mumbai University, Maharashtra and is a member of the Institute of Company Secretaries of India. She has 13 years of overall experience and was previously associated with Pidilite Industries Limited. She has been associated with the Piramal Group for over 10 years and is engaged with our Company since September 10, 2020. During the FY 2022, she received a remuneration of Rs. 25,91,979.

## OUR PROMOTER, PROMOTER GROUP AND GROUP COMPANIES

### Our Promoter

Ajay G. Piramal is the Promoter of our Company. As of the date of this Information Memorandum, our Promoter holds an aggregate of 4,93184 Equity Shares, aggregating to 0.04 % of the post-Scheme issued, subscribed and paid-up Equity Share capital of our Company.

### Details of our Promoter

| Sr. No | Details of Promoter | Description |
|---|---|---|
| 1. | Name of Promoter | Ajay G. Piramal |
| 2. | Date of Birth | August 3, 1955 |
| 3. | Personal Address | 96, Karuna Sindhu, Khan Abdul Gaffar Khan Road, Worli, Worli Sea Face, Mumbai 400 018, Maharashtra, India |
| 4. | Educational qualifications, experience in the business or employment, positions/posts held in the past, directorships held, other ventures of each promoter, special achievements, their business and financial activities | Please refer to the profile below |
| 5. | Permanent Account Number | AAEPP7726Q |
| 6. | Photograph |  |

### Profile of Ajay G. Piramal

Ajay Piramal, one of India’s leading industrialists and philanthropists, and as Chairman of the Piramal Group, has led its transformation into a USD 10 billion global business conglomerate. The Piramal Group has diverse interests in financial services, pharmaceuticals and real estate, with offices in 30 countries and its products sold in more than 100 countries. The Piramal Group has a strong track record of robust sustained partnerships with several marquee global investors and partners.

Under Ajay Piramal’s leadership, the Piramal Group completed the acquisition and merger of Dewan Housing Finance Limited (DHFL) in September 2021, marking the first successful resolution under the IBC route in the financial services sector. In value terms, the transaction is amongst the largest resolutions till date, setting the precedent for future resolutions in the sector.

He is also deeply invested in unlocking India's socio-economic potential through the Piramal Foundation, and is an ardent promoter of social entrepreneurship. He actively steers the Piramal Group's involvement in various social impact initiatives through the Piramal Foundation, to develop innovative long term and scalable solutions to resolve issues that are critical roadblocks towards unlocking India's economic potential. The Piramal Foundation currently works across 25 states and has impacted over 112 million lives, mostly in partnership with state governments, through Piramal Swasthya, Piramal Sarvajal and Piramal School of Leadership. Piramal Foundation has partnered with NITI Aayog, India's foremost think-tank, in 25 aspirational districts across 7 states in India, to improve human development indicators across healthcare & nutrition and education, amongst marginalised sections of society.

In 2022, Ajay Piramal received an honorary Commander of the Order of the British Empire (CBE) by Her Majesty The Queen, for services to the UK-India trade relationship as India Co-Chair of the UK-India CEO Forum. He was also awarded the ‘Deal Maker Hall Of Fame’ at the Mint India Investment Summit 2022, in recognition for a lifetime of achievement and service in creating and unlocking value through investing and crafting deals.

Ajay Piramal holds key positions on the boards of several companies and prestigious institutions. He serves on the Harvard Business School's Board of Dean's Advisors, is co-chair of the UK-India CEO Forum and Non-Executive Director of Tata Sons Ltd. Passionate about contributing to education in India, Ajay Piramal also serves as president and chairman of Anant National University and chairman of the Pratham Education Foundation.

*Qualifications:*

- Honours degree in Science from Mumbai University.
- Master's degree in Management Studies from the Jamnalal Bajaj Institute of Management Studies.
- Completed an Advanced Management Programme from the Harvard Business School.
- Conferred with an Honorary Doctorate in Philosophy (D. Phil) by Amity University, India.
- Honorary Doctor of Science (Honoris Causa) Degree by IIT-Indore.

**Our Promoter Group**

As per Regulation 2(1)(pp) of the SEBI ICDR Regulations, our Promoter Group includes:

1. Dr. Swati A. Piramal
2. Anand Piramal
3. Nandini Piramal
4. Lalita G. Piramal
5. Peter DeYoung
6. Anya Piramal DeYoung
7. Dev Piramal DeYoung
8. Ajay G. Piramal (Karta of Ajay G. Piramal HUF)
9. AASAN Corporate Solutions Private Limited
10. PRL Realtors LLP
11. The Ajay G. Piramal Foundation
12. The Sri Krishna Trust through its Trustee Ajay G Piramal and Dr. Swati A Piramal
13. Piramal Welfare Trust (Formerly known as The Piramal Enterprise Executives Trust)
14. Piramal Enterprises Limited
15. Adelwise Investments Private Limited
16. Akshar Fincom Private Limited
17. Alpex Holdings Private Limited
18. Alpex InfraConstructions Private Limited
19. Brickex Advisors Private Limited
20. Gerah Enterprises Private Limited
21. Glider Buildcon Realtors Private Limited
22. IndiaVenture Advisors Private Limited
23. Kaivalya Education Foundation
24. Montane Ventures Private Limited
25. Piramal Corporate Services Private Limited
26. Nival Developers Private Limited
27. PCE Developers Private Limited
28. PCSL InfraConstructions & Merchandising Private Limited
29. PDL Properties LLP
30. PDL Realty Private Limited
31. PEL Finhold Private Limited
32. PEL Management Sevices Private Limited
33. Piramal Advanced Systems Private Limited
34. Piramal Aerospace Private Limited
35. Piramal Aerostructures Private Limited
36. Piramal Agriculture Private Limited
37. Piramal Auto Private Limited
38. Piramal Biotech Private Limited
39. Piramal Homes Private Limited (Formerly Piramal Building Material and Cement Private Limited)
40. Piramal Chemtech and Fertilizers Private Limited
41. Piramal Commercial Estates LLP
42. Piramal Consumer Products Private Limited
43. Piramal Data Integrity Private Ltd.
44. Piramal Defence Equipments Private Limited
45. Piramal Electrosystems Private Limited
46. Piramal Entertainment Private Limited
47. Piramal e-Shopping Private Limited
48. Piramal Estates Private Limited

49. Piramal Flight Systems Private Limited
50. Piramal Forging Private Limited
51. Piramal Foundation for Education Leadership
52. Piramal Foundation
53. Piramal Udgam Data Management Solutions
54. Piramal Fund Management Private Limited
55. Piramal Glass Private Limited
56. Piramal Higher Education Private Limited
57. Piramal Hospitality Private Limited
58. Piramal International Consultants Private Limited
59. Piramal Investment Advisory Services Private Limited
60. Piramal Media Private Limited
61. Piramal Metals Private Limited
62. Piramal Natural Resources Private Limited
63. Piramal Offshore Private Limited
64. Piramal Oil & Gas Private Limited
65. Piramal Packaging Private Limited
66. Piramal Projects & Constructions Private Limited
67. PRPL Enterprises Private Limited (formerly known as Piramal Realty Private Limited)
68. Piramal Residences Private Limited
69. Piramal Retail Private Limited
70. Piramal Security Private Limited
71. Piramal Shipyard Private Limited
72. Piramal Sports Private Limited
73. Piramal Systems & Technologies Private Limited
74. Piramal Televentures Private Limited
75. Piramal Realty & Developers Private Limited (formerly known as Piramal Urban Transport Network Private Limited)
76. Piramal Water Private Limited
77. PRL Agastya Private Limited
78. PRL Developers Private Limited
79. PRL InfraConstructions & Developers Private Limited
80. PRL Properties LLP
81. Propiedades Realties Private Limited
82. The Piramal Art Foundation
83. The Sri Gopikrishna Trust
84. The Sri Govinda Trust
85. The Sri Hari Trust
86. The Swastik Safe Deposit & Investments Ltd.
87. V3 Designs LLP
88. Piramal Corporate & Management Services Private Limited
89. Anutham Realty Private Limited
90. Sreekovil Realty Private Limited
91. Swati Piramal Trust
92. Nandini Piramal Trust
93. Anand Piramal Trust
94. The Gulita Trust
95. Piramal Sons Private Limited
96. Piramal Trusteeship Services Private Limited
97. Blue Crystal Constructions & Developers Private Limited
98. India Resurgence Asset Management Business Private Limited
99. India Resurgence ARC Private Limited
100. Nithyam Realty Private Limited
101. Kosamba Glass Deco Private Limited
102. Ansa Deco Glass Private Limited4
103. Topzone Mercantile Company LLP
104. Bangplot Realtors & Developers LLP
105. The Address Makers Developers Private Limited
106. PRL Agastya Buildcon Private Limited

*Note: India Resurgence Asset Management Business Private Limited , India Resurgence ARC Private Limited , Piramal Foundation, Piramal Foundation for Education Leadership, Piramal Udgam Data Management Solutions, Kaivalya Education Foundation, The Address Makers Developers Private Limited, Kosamba Glass Deco Private Limited and Ansa Deco Glass Private Limited do not form part of the promoter group. However, pending requisite approvals, they continue to reflect as part of promoter group.*

**Group companies**:

1. Piramal Enterprises Limited
2. Piramal Alternatives Private Limited *(Formerly known as Piramal Asset Management Private Limited)*
3. Piramal Capital & Housing Finance Limited *(Formerly known as Dewan Housing Finance Corporation Limited)*
4. Piramal Dutch IM Holdco B.V.
5. INDIAREIT Investment Management Co.
6. Piramal Holdings (Suisse) SA
7. Piramal Corporate Services Private Limited
8. Piramal Glass Limited
9. PGP USA Inc.
10. PGP Glass Private Limited
11. Allergan India Private Limited
12. Yapan Bio Private Limited

The details of our top five group companies as of the date of this Information Memorandum are set out below:

**1. *Piramal Enterprises Limited ("PEL")***

*Business Overview & Corporate Information*

PEL was incorporated on April 26, 1947. PEL, a non-deposit taking non-banking financial institution, is engaged in the financial services business. The Corporate Identification Number is L24110MH1947PLC005719. The authorised capital of PEL is Rs. 5,155 crores. The equity shares are listed on NSE and BSE.

*Interest of our Promoter*

As on the date of this Information Memorandum, Ajay G. Piramal holds 0.25% of the equity share capital.

*Financial Performance*

*(Rs. In crore except per share data)*

| Particulars | Financial Year ended March 31 | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| Equity capital | 47.73 | 45.11 | 45.11 |
| Reserves and surplus (excluding revaluation reserves and including fund balance) | 23,073.80 | 23,138.63 | 22,582.87 |
| Sales | 2,225.68 | 1,824.70 | 2,012.89 |
| Profit/(Loss) after tax | 572.28 | 39.90 | 144.85 |
| Earnings per share (Basic) | 24.02 | 1.68 | 6.87 |
| Earnings per share (Diluted) | 23.93 | 1.68 | 6.87 |
| Net asset value per share | 968.79 | 1,027.93 | 1,003.29 |

*Significant notes of auditors for the last three Financial Years*

With regard to the standalone financial statements of PEL for the years ended March 31, 2020 and March 31, 2021, the auditors have emphasised in their report that PEL has considered internal and external information in respect of the current and estimated future global including Indian economic indicators consequent to the global health pandemic (COVID -19) to assess the recoverability of certain assets. However, the actual impact of the pandemic may be different from that considered by PEL in assessing the recoverability of these assets. The opinion of the auditors of PEL was not modified in respect of this matter.

***2. Piramal Capital & Housing Finance Limited ("PCHFL") (Formerly known as Dewan Housing Finance Corporation Limited)***

*Business Overview & Corporate Information*

Piramal Capital & Housing Finance Limited (Formerly Known as Dewan Housing Finance Corporation Limited) (“**PCHFL**”) was incorporated on April 11, 1984. PCHFL is a housing finance company registered with the National Housing Bank that is engaged in various financial services businesses. It provides end-to-end financing solutions in both wholesale and retail funding opportunities across sectors such as real estate and infrastructure, renewable energy, hospitality, logistics, industrials, auto components etc. The Corporate Identification Number is L65910MH1984PLC032639. The authorised capital of PCHFL is Rs. 26,090.39 crores. The debt securities of PCHFL are listed on NSE and BSE

*Interest of our Promoter*

As on the date of this Information Memorandum, Ajay G. Piramal do not hold equity shares.

*Financial Performance*

*(Rs. In crore except per share data)*

| Particulars | Financial Year ended March 31 | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| Equity capital | 21,365 | 19,284 | 19,284 |
| Reserves and surplus (excluding revaluation reserves and including fund balance) | 895 | 2,203 | 1,168 |
| Sales | 6,121 | 5,082 | 5,604 |
| Profit/(Loss) after tax | 526 | 1,034 | 30 |
| Earnings per share (Basic) | 0.25 | 0.48 | 0.02 |
| Earnings per share (Diluted) | 0.25 | 0.48 | 0.02 |
| Net asset value per share | 10.42 | 11.14 | 10.61 |

*Significant notes of auditors for the last three Financial Years*

With regards to the standalone financial statements of PCHFL for the years ended March 31, 2020 and March 31, 2021, the auditors have drawn attention to the accounting treatment relating to the Scheme – while the Scheme has been accounted under the ‘purchase method’ as per Accounting Standard 14 – Accounting for Amalgamation in compliance with the Scheme which is an override to the relevant provisions of the Indian Accounting Standards (‘Ind AS’) 103.

With regards to the standalone financial statements of PCHFL for the years ended March 31, 2020, the auditors have drawn attention to the forecasts and assumptions applied by PCHFL in the determination of expected credit losses are subject to uncertainties which are often outside of PCHFL’s control. The extent to which COVID-19 pandemic will impact the PCHFL’s current estimate of expected credit loss is dependent on future developments, which are highly uncertain at this point.

***3. PGP Glass Private Limited (“PGP Glass)***

*Business Overview & Corporate Information*

PGP Glass was incorporated on November 6, 2020. It is a wholly owned by Blackstone Group. PGP Glass is a global specialist in design, production, and decoration of glass packaging (flaconnage). PGP Glass lead the way globally, for glass packaging solutions in businesses such as Pharmaceutical, Cosmetics & Perfumery, and Specialty Food & Beverage. The Corporate Identification Number is U74999MH2020PTC349649. The authorised capital of PGP Glass is Rs. 1,500 crores.

Please note that for the periods for which financial information is being disclosed in this Information Memorandum, PGP was disclosed as a group company of Piramal Enterprises Limited and solely on account of the same is also shown as a group company of the Company for the same period.

*Interest of our Promoter*

As on the date of this Information Memorandum, Ajay G. Piramal do not hold equity shares.

*Financial Performance*

*(Rs. In crore except per share data)*

| Particulars | Financial Year ended March 31 | | |
|---|---|---|---|
| | 2022 | 2021 | 2020* |
| Equity capital | 1,219.53 | 386.51 | - |
| Reserves and surplus (excluding revaluation reserves and including fund balance) | 2,573.22 | 3,428.79 | - |

| Particulars | Financial Year ended March 31 | | |
|---|---|---|---|
| | 2022 | 2021 | 2020* |
| Sales | 2,139.92 | | - |
| Profit/(Loss) after tax | (214.73) | (57.30) | - |
| Earnings per share (Basic) | (0.47) | (2.60) | - |
| Earnings per share (Diluted) | (0.47) | (2.60) | - |
| Net asset value per share | 8.25 | 7.69 | - |

** The Company was only incorporated on November 6, 2020 and therefore FY 21 was the first financial year*

*Significant notes of auditors for the last three Financial Years*

There are no significant notes of auditors for the last three Financial Years.

### *4. PGP Glass USA Inc. ("PGP USA")*

*Business Overview & Corporate Information*

PGP USA was incorporated on October 17, 2005 and is situated in New Jersey, United States of America. PGP USA is a wholly owned subsidiary of PGP Glass Private Limited, which is a wholly owned by Blackstone Group. PGP USA undertakes the business of marketing and selling of glass containers in North America region sourced primarily from the Company. The authorized share capital of the PGP USA is USD 6,539,950 comprising of 653,995 shares of USD 10 each and the issued capital is USD 6,539,950 comprising of 653,995 shares of USD 10 each.

Please note that, for the periods for which financial information is being disclosed in this Information Memorandum, PGP USA was disclosed as a group company of Piramal Enterprises Limited and solely on account of the same is also shown as a group company of the Company for the same period.

*Interest of our Promoter*

As on the date of this Information Memorandum, Ajay G. Piramal do not hold equity shares.

*Financial Performance*

*(Rs. In crore except per share data)*

| Particulars | Financial Year ended March 31 | | |
|---|---|---|---|
| | 2022 | 2021 | 2020* |
| Equity capital | 33.38 | 33.38 | 22.24 |
| Reserves and surplus (excluding revaluation reserves and including fund balance) | 97.32 | 62.80 | 66.84 |
| Sales | 864.39 | 548.14 | 942.28 |
| Profit/(Loss) after tax | 34.53 | (4.05) | 67.41 |
| Earnings per share (Basic) | 633.51 | (199.31) | 1,215.50 |
| Earnings per share (Diluted) | 633.51 | (199.31) | 1,215.50 |
| Net asset value per share | 3223.74 | 3387.99 | 1,860.25 |

**PGP Glass USA INC had two subsidiaries prior to FY 2021 and as per local laws; it was not required to prepare standalone financial statements. Hence, details for FY 2020 are on a consolidated basis.*

*Significant notes of auditors for the last three Financial Years*

There are no significant notes of auditors for the last three Financial Years.

### *5. Allergan India Private Limited ("Allergan")*

*Business Overview & Corporate Information*

Allergan was incorporated on July 7, 1994. Allergan is a leader in ophthalmology in the Indian formulations market. The Corporate Identification Number is U33201KA1994PTC023162.The authorised capital of Allergan is Rs. 10 crores.

*Interest of our Promoter*

As on the date of this Information Memorandum, Ajay G. Piramal do not hold equity shares.

*Financial Performance*

*(Rs. In crore except per share data)*

| Particulars | Financial Year ended March 31 | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| Equity capital | 8.00 | 8.00 | 8.00 |
| Reserves and surplus (excluding revaluation reserves and including fund balance) | 136.03 | 205.59 | 343.46 |
| Sales | 414.86 | 361.65 | 372.96 |
| Profit/(Loss) after tax | 112.90 | 111.95 | 85.56 |
| Earnings per share (Basic) | 141.13 | 139.94 | 106.96 |
| Earnings per share (Diluted) | 141.13 | 139.94 | 106.96 |
| Net asset value per share | 180.04 | 266.98 | 439.32 |

*Significant notes of auditors for the last three Financial Years*

With regards to the standalone financial statements of Allergan for the years ended March 31, 2020 and March 31, 2021, the auditors have drawn attention to certain payments aggregating to Rs 3.63 crores made by Allergan to a fellow subsidiary on March 21, 2020 which are non-complaint with Section 185 of Companies Act 2013 and any penalties that may be levied are uncertainable.

With regards to the standalone financial statements of Allergan for the year ended March 31, 2020, the auditors have drawn attention to the uncertain financial impact of the lock-down and other restrictions and conditions related to the COVID -19 pandemic. Further, inventory verification could not be conducted physically, and they have relied on alternate audit-procedures.

# DIVIDEND POLICY

Under the Companies Act, a company pays dividends upon a recommendation by its Board of Directors and approval by a majority of the shareholders. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous years or out of both.

Our Company does not have a formal dividend policy

The quantum of dividend, if any, and our ability to pay dividend will depend on a number of factors, including, but not limited to, our Company's profits, capital requirements, financial commitments and financial requirements including business expansion plans, applicable legal restrictions and other factors considered relevant by our Board. Our Company may also, from time to time, pay interim dividends. Our past practices with respect to the declaration of dividends are not necessarily indicative of our future dividend declaration. We may retain all our future earnings, if any, for use in the operations and expansion of our business The Board shall ensure that the dividend declaration and payment will be in accordance with the applicable provisions of Companies Act and rules made thereunder and SEBI Listing Regulations.

## SECTION V: FINANCIAL INFORMATION

## FINANCIAL STATEMENTS

In terms of Section 2(41) of the Companies Act, for companies which have been incorporated on or after January 1 of a year, the financial year will be the period ending on March 31 of the following year, in respect whereof the financial statement of the company or body corporate is prepared. Our Company was incorporated on March 4, 2020 with our first financial year commencing on March 4, 2020 and ending on March 31, 2021. Accordingly, all references to a particular financial year is to the 12 months ending on March 31 of that year.


| Particulars | Page Number |
|---|---|
| Audited standalone financial information of the Company for the period commencing from the date of incorporation till March 31, 2022 | 96 - 223 |
| Audited consolidated financial information of the Company for the period commencing from the date of incorporation till March 31, 2022 | 224 - 342 |

**Deloitte Haskins & Sells LLP**

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# INDEPENDENT AUDITOR'S REPORT

**To The Members of Piramal Pharma Limited**
**Report on the Audit of the Standalone Financial Statements**

## Opinion

We have audited the accompanying standalone financial statements of Piramal Pharma Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended 31 March 2022, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

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

## Information Other than the Financial Statements and Auditor's Report Thereon

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

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

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

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

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

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

**Auditor's Responsibility for the Audit of the Standalone Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 31 March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. As stated in note 15 to the standalone financial statements:

(a) The Company did not propose any final dividend in the previous year.

(b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.

(c) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
**Chartered Accountants**
(Firm's Registration No. 117366W/W-100018)

**Rupen K. Bhatt**
**(Partner)**
(Membership No. 046930)
(UDIN:22046930AJNJMH5506)

Place: Mumbai
Date:24 May 2022

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of Piramal Pharma Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**
**Chartered Accountants**
(Firm's Registration No. 117366W/W-100018)

**Rupen K. Bhatt**
**(Partner)**
(Membership No. 046930)
(UDIN:22046930AJNJMH5506)

Place: Mumbai
Date:24 May 2022

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(i) In respect of its property, plant and equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right-of-use assets.

(b) The Company has maintained proper records showing full particulars of intangible assets.

(c) The Company has a program of verification of property, plant and equipment (capital work-in progress and right of use assets) so as to cover all the items once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(d) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed/Business Transfer Agreement provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in (property, plant and equipment and capital work-in progress) are held in the name of the Company as at the balance sheet date.

(e) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that the Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.

(f) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that no proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) In respect of its inventories:

(a) The inventories excluding stock with other third parties were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. In respect of inventory lying with the other third party, confirmations were obtained by the management for the stocks held by them at year end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly statements comprising sales, production, current assets and current liabilities, wherever submitted by the Company with such banks or financial institutions, are in agreement with the unaudited books of account of the Company of the respective quarters. As informed by the management, the statement for the quarter ended March 31, 2022 will be submitted to the bank basis audited financial statements for the year ended March 31, 2022.

(iii) The Company has made investments in, provided guarantee and granted unsecured loans to companies in respect of which:

(a) The Company has provided loans, stood guarantee during the year and details of which are given below:

| | Loans | Guarantees |
|---|---|---|
| A. Aggregate amount provided during the year: | | |
| -Subsidiaries | Rs. 197.36 crores | Rs. 95 crores |
| | | |
| B. Balances outstanding as at balance sheet date in respect of above cases*# | | |
| -Subsidiaries | Rs. 838.97 crores | Rs. 54.19 crores |

*The amounts reported above are at gross amounts, without considering provisions made.
# Includes opening balances

The Company has not provided any advances in the nature of loans and security to any other entity during the year.

(b) The investments made, guarantees provided and the terms and conditions of the grant of all the above-mentioned loans provided during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans granted or advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.

(d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted there is no overdue amount remaining outstanding as at the balance sheet date.

(e) None of the loans or advances in the nature of loans granted by the Company have fallen due during the year.

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of its products. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Amount (Rs In Crores) | Amount unpaid (Rs in Crores) |
|---|---|---|---|---|---|
| Central Excise Laws | Excise Duty & Service Tax including interest and penalty, as applicable. | High Court | 2008-10 to 2012-13 | 9.42 | 7.54 |
| | | CESTAT | 1998 to 2005, 2010-2011, 2013-15 and 2016-18 | 11.42 | 10.92 |
| | | Appellate Authority upto Commissioner's level | 2006-07, 2009-2018 | 1.32 | 1.10 |
| Goods and Services Tax | Goods and Services Tax | Appellate Authority upto Commissioner's level | 2019-2020 | 0.03 | - |
| Sales Tax Laws | Sales Tax | High Court | 2005-06 and 2014-18 | 1.06 | 0.71 |
| Custom Laws | Custom Duty | CESTAT | 2009-2012 | 1.57 | 1.41 |

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) In respect of its borrowings:

(a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) To the best of our knowledge and belief, in our opinion, terms loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima-facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and associates.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) The Company has made private placement of shares during the year in lieu of discharge of balance consideration. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, however, no funds were raised. The Company has not made any preferential allotment or private placement of (fully or partly or optionally) convertible debentures during the year.

(xi) In respect of frauds:

(a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of audit report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) In respect of internal audits:

(a) In our opinion the company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date when performing our audit.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Act are not applicable.

(xvi) In respect of registration u/s 45-IA:

(a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) is not applicable.

(b) The Group does not have any Core Investment Company as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **Deloitte Haskins & Sells LLP**
**Chartered Accountants**
(Firm's Registration No.117366W/W-100018)

**Rupen K. Bhatt**
(Partner)
(Membership No. 046930)
(UDIN: 22046930AJNJMH5506)

Place: Mumbai
Date: 24 May 2022

**Piramal Pharma Limited**
**Balance Sheet as at March 31, 2022**

| | Note No. | As at March 31, 2022 Rs. in Crores | | As at March 31, 2021 Rs. in Crores | |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| (a) Property, Plant & Equipment | 3 | | 1,296.20 | | 1,291.78 |
| (b) Capital Work in Progress | 54 | | 155.28 | | 79.34 |
| (c) Intangible Assets | 3 | | 299.02 | | 321.58 |
| (d) Intangible Assets Under Development | 55 | | 49.82 | | 41.66 |
| (e) Right of Use Asset | 45 | | 13.76 | | 13.45 |
| (f) Financial Assets: | | | | | |
| (i) Investments | 4 | 2,597.28 | | 1,591.52 | |
| (ii) Loans | 5 | 791.65 | | 613.81 | |
| (iii) Other Financial Assets | 6 | 14.15 | 3,403.08 | 10.75 | 2,216.08 |
| (g) Other Non-Current Assets | 7 | | 32.67 | | 25.28 |
| **Total Non-Current Assets** | | | **5,249.83** | | **3,989.17** |
| **Current Assets** | | | | | |
| (a) Inventories | 8 | | 481.28 | | 420.88 |
| (b) Financial Assets: | | | | | |
| (i) Investments | 4 | 37.01 | | - | |
| (ii) Trade Receivables | 9 & 52 | 947.65 | | 839.75 | |
| (iii) Cash & Cash Equivalents | 10 | 84.65 | | 146.73 | |
| (iv) Bank Balances Other Than (iii) above | 11 | 5.62 | | 5.62 | |
| (v) Loans | 12 | 47.32 | | 10.60 | |
| (vi) Other Financial Assets | 13 | 27.48 | 1,149.73 | 100.28 | 1,102.98 |
| (c) Other Current Assets | 14 | | 327.48 | | 243.64 |
| **Total Current Assets** | | | **1,958.49** | | **1,767.50** |
| **TOTAL ASSETS** | | | **7,208.32** | | **5,756.67** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| (a) Equity Share capital | 15 | 1,185.91 | | 994.60 | |
| (b) Share warrants | 15 | - | | 0.10 | |
| (c) Other Equity | 16 | 3,881.43 | | 3,105.92 | |
| **Total Equity** | | | **5,067.34** | | **4,100.62** |
| **Liabilities** | | | | | |
| **Non-Current Liabilities** | | | | | |
| (a) Financial Liabilities: | | | | | |
| (i) Borrowings | 17 | 447.61 | | - | |
| (ii) Lease Liability | 45 | 7.55 | | 7.37 | 7.37 |
| (iii) Other Financial Liabilities | 18 | 0.40 | 455.56 | - | - |
| (b) Provisions | 19 | | 10.74 | | 6.59 |
| (c) Deferred Tax Liabilities (Net) | 20 | | 157.54 | | 170.42 |
| **Total Non-Current Liabilities** | | | **623.84** | | **184.38** |
| **Current Liabilities** | | | | | |
| (a) Financial Liabilities: | | | | | |
| (i) Borrowings | 21 | 653.92 | | 165.20 | |
| (ii) Lease Liability | 45 | 2.30 | | 1.69 | |
| (iii) Trade Payables | | | | | |
| Total outstanding dues of Micro enterprises and small enterprises | | 47.65 | | 26.61 | |
| Total outstanding dues of creditors other than Micro enterprises and small enterprises | 53 | 567.55 | | 557.51 | |
| (iv) Other Financial Liabilities | 22 | 153.09 | 1,424.51 | 633.52 | 1,384.53 |
| (b) Other Current Liabilities | 23 | | 40.64 | | 46.57 |
| (c) Provisions | 24 | | 32.50 | | 30.88 |
| (d) Current Tax Liabilities (Net) | 25 | | 19.49 | | 9.69 |
| **Total Current Liabilities** | | | **1,517.14** | | **1,471.67** |
| **Total Liabilities** | | | **2,140.98** | | **1,656.05** |
| **TOTAL EQUITY & LIABILITIES** | | | **7,208.32** | | **5,756.67** |

The above Balance Sheet should be read in conjunction with the accompanying notes

In terms of our report attached

Summary of Significant Accounting Policies 2

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, May 24 2022

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

**Nandini Piramal**
Chairperson
DIN : 00286092

**Vivek Valsaraj**
Chief Financial Officer

**Tanya Sanish**
Company Secretary

Mumbai, May 24 2022

**PIRAMAL PHARMA LIMITED**
**Statement of Profit and Loss for the year ended March 31, 2022**

| | Note No. | For the year ended March 31, 2022 Rs. in Crores | | For the period March 04, 2020 To March 31, 2021 Rs. in Crores | |
|---|---|---|---|---|---|
| Revenue from operations | 26 | | 3,094.95 | | 2,938.81 |
| Other Income (Net) | 27 | | 223.59 | | 197.97 |
| **Total Income** | | | **3,318.54** | | **3,136.78** |
| **Expenses** | | | | | |
| Cost of materials consumed | 28 | 1,003.68 | | 986.70 | |
| Purchases of Stock-in-Trade | 29 | 509.70 | | 183.21 | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 30 | (30.17) | | 57.86 | |
| Employee benefits expense | 31 | 425.30 | | 395.15 | |
| Finance costs | 32 | 53.55 | | 4.71 | |
| Depreciation and amortization expense | 3 & 45 | 130.64 | | 143.64 | |
| Other expenses | 33 | 789.14 | | 696.96 | |
| **Total Expenses** | | | **2,881.84** | | **2,468.23** |
| **Profit Before Exceptional Items and Tax** | | | **436.70** | | **668.55** |
| Exceptional Items | 34 | | (12.47) | | 18.23 |
| **Profit before Tax** | | | **424.23** | | **686.78** |
| Less: Income Tax Expense | 49 | | | | |
| Current tax | | | 96.34 | | 104.98 |
| Deferred Tax (Net) | | | (15.16) | | 10.30 |
| | | | **81.18** | | **115.28** |
| **Profit after Tax** | | | **343.05** | | **571.50** |
| **Other Comprehensive Income / (Loss) (OCI), net of tax expense:** | 35 | | | | |
| **A. Items that will not be reclassified to profit or loss** | | | | | |
| Remeasurement of Post Employment Benefit Obligations | | 0.39 | | (3.28) | |
| Income Tax Impact on above | | (0.10) | **0.29** | 0.82 | **(2.46)** |
| **B. Items that will be reclassified to profit or loss** | | | | | |
| Deferred gain on cash flow hedge | | 8.66 | | 7.66 | |
| Income Tax Impact on above | | (2.18) | **6.48** | (1.93) | **5.73** |
| **Total Other Comprehensive Income (OCI) for the period, net of tax expense** | | | **6.77** | | **3.27** |
| **Total Comprehensive Income for the period, net of tax expense** | | | 349.82 | | 574.77 |
| **Earnings Per Equity Share (Basic) (Rs.) (Face value of Rs. 10/- each)** | 44 | | 2.91 | | 9.11 |
| **Earnings Per Equity Share (Diluted) (Rs.) (Face value of Rs. 10/- each)** | 44 | | 2.91 | | 9.11 |

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, May 24 2022

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

**Nandini Piramal**
Chairperson
DIN : 00286092

**Vivek Valsaraj**
Chief Financial Officer

**Tanya Sanish**
Company Secretary

Mumbai, May 24 2022

**Piramal Pharma Limited**
**Cash Flow Statement for the year ended March 31, 2022**

| | | For the year ended March 31, 2022 | For the period March 04, 2020 To March 31, 2021 |
|---|---|---|---|
| | | Rs. in Crores | Rs. in Crores |
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Profit before exceptional items and tax | 436.70 | 668.55 |
| | Less : Profit for the period Mar 4,2020 to October 5, 2020 | - | (319.44) |
| | Profit for the period Oct 6,2020 to Mar 31,2021 | - | 349.11 |
| | Adjustments for : | | |
| | Depreciation and amortisation expense | 130.64 | 60.96 |
| | Provision written back | (60.13) | (1.72) |
| | Finance Costs considered separately | 53.55 | 4.71 |
| | Interest Income on Financial assets | (28.38) | (16.29) |
| | Dividend received | (90.66) | (49.00) |
| | (Gain)/Loss on Sale of Property Plant and Equipment | 0.91 | 0.05 |
| | Write-down of Inventories | (0.07) | 13.97 |
| | Profit on Sale of Investment (Net) | (1.95) | - |
| | Expected Credit Loss on Trade Receivables | 2.64 | 0.96 |
| | Unrealised foreign exchange (gain) | (2.87) | (4.68) |
| | **Operating Profit Before Working Capital Changes** | **440.38** | **358.07** |
| | **Adjustments For Changes In Working Capital :** | | |
| | Adjustments for (increase) / decrease in operating assets | | |
| | - Trade receivables | (106.63) | (286.52) |
| | - Other Current Assets | (83.84) | (17.45) |
| | - Other Non Current Assets | 1.05 | 4.83 |
| | - Other Financial Assets - Non Current | (3.40) | 12.82 |
| | - Inventories | (60.33) | 95.36 |
| | - Other Financial Assets - Current | 62.70 | (47.14) |
| | Adjustments for increase / (decrease) in operating liabilities | | |
| | - Trade Payables | 85.56 | 27.58 |
| | - Non - Current provisions | 4.54 | (30.12) |
| | - Other Current Financial Liabilities | 3.56 | (12.68) |
| | - Other Current Liabilities | (5.93) | (5.50) |
| | - Current provisions | 1.62 | 30.76 |
| | **Cash Generated from Operations** | **339.28** | **130.01** |
| | - Taxes Paid (Net of Refunds) | (84.08) | (95.29) |
| | **Net Cash Generated from Operating Activities** | **255.20** | **34.72** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Payments for Purchase of Property Plant and Equipment / Intangible Assets | (200.51) | (58.11) |
| | Proceeds from Sale of Property Plant and Equipment / Intangible Assets | 1.51 | 2.93 |
| | Purchase of Current Investments: | | |
| | - In Mutual Funds | (1,438.00) | - |
| | Proceeds from Sale of Current Investments: | | |
| | - in Mutual Funds | 1,402.93 | - |
| | Payment for purchase of pharma business | - | (3,710.00) |
| | Interest Received | 11.93 | 0.49 |
| | Other Bank Balances | - | (5.62) |
| | Dividend received | 81.59 | 49.00 |
| | Investment in equity shares of subsidiary | (790.73) | (65.10) |
| | Investment in Associate | (101.77) | - |
| | Loans to related parties (Net of repayments) | (176.03) | (596.48) |
| | Transaction cost paid on acquisition of Subsidiary | (13.94) | - |
| | **Net Cash Used in Investing Activities** | **(1,223.02)** | **(4,382.89)** |

DELOITTE HASKINS & SELLS LLP
MUMBAI

PIRAMAL PHARMA LIMITED
MUMBAI

Piramal Pharma Limited
Cash Flow Statement for the year ended March 31, 2022

| | | For the year ended March 31, 2022 | For the period March 04, 2020 To March 31, 2021 |
|---|---|---|---|
| | | Rs. in Crores | Rs. in Crores |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Proceeds from Non - Current Borrowings | | |
| | - Receipts | 700.00 | - |
| | - Payments | - | - |
| | Proceeds from Current Borrowings | | |
| | - Receipts | 830.78 | 473.39 |
| | - Payments | (530.80) | (383.01) |
| | Lease payments | | |
| | - Principal | (2.11) | (0.77) |
| | - Interest | (0.90) | (0.42) |
| | Rights issue proceeds | - | 785.00 |
| | Receipt from issue of equity shares | - | 3,448.41 |
| | Proceeds from Compulsorily Convertible Preference Share Issue | - | 75.00 |
| | Payment against lapsed share warrants | (0.10) | - |
| | Finance Costs Paid | (41.13) | (4.29) |
| | Mark to market gains on forward contracts taken against the inflow from equity investment from Carlyle | - | 100.85 |
| | Dividend Paid | (50.00) | - |
| | **Net Cash Generated from Financing Activities** | **905.74** | **4,494.16** |
| | **Net (Decrease) / Increase in Cash & Cash Equivalents [(A)+(B)+(C)]** | (62.08) | 145.99 |
| | **Cash and Cash Equivalents as at March 31, 2021 & March 04, 2020 respectively** | 146.73 | 0.74 |
| | **Cash and Cash Equivalents as at March 31** | **84.65** | **146.73** |
| | **Cash and Cash Equivalents Comprise of :** | | |
| | Cash on Hand | 0.05 | 0.11 |
| | Balance with Scheduled Banks in Current Accounts | 84.60 | 146.62 |
| | | **84.65** | **146.73** |

**Note:**

1. On October 01, 2021, the Company had alloted 9,657,423 equity shares of face value Rs. 10 each fully paid-up in lieu of consideration payable to Piramal Enterprises Limited amounting to Rs.592 crores.
2. On October 01, 2021, the Company had alloted 3,988,262 equity shares of face value Rs. 10 each fully paid-up in lieu of conversion of compulsory convertible preference shares to CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) amounting to Rs.75 crores.
3. On October 04, 2021, the Company had issued 177,665,757 equity shares as bonus shares to the existing shareholders in the ratio 5.674:1
4. During previous year, the Company had issued 1,06,71,651 fully paid equity shares with face value of Rs.10 each and carrying security premium of Rs. 163.36 per share, aggregating to Rs. 185 crore in exchange for 1,00,000 fully paid equity share of Rs.10 each of Piramal Healthcare Inc. having a carrying value of Rs 86.44 crores, acquired pursuant to agreement for purchase of Pharma business entered into between the Company and Piramal Enterprise Limited (Refer note 51).

The above Statement of Cash flow should be read in conjunction with the accompanying notes

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, May 24 2022

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

**Nandini Piramal**
Chairperson
DIN : 00286092

**Vivek Valsaraj**
Chief Financial Officer

**Tanya Sanish**
Company Secretary

Mumbai, May 24 2022

**Piramal Pharma Limited**
**Statement of Changes in Equity for the year ended March 31, 2022**

**A. Equity Share Capital (Refer Note 15):**

| **Particulars** | **Rs. in Crores** |
|---|---|
| **At the incorporation of the Company** | **0.01** |
| Issued during the period | 994.59 |
| **Balance as at March 31, 2021** | **994.60** |
| Changes in Equity Share Capital due to prior period errors | - |
| Restated balance at the beginning of the current reporting period | **994.60** |
| Issued during the period | 191.31 |
| **Balance as at March 31, 2022** | **1,185.91** |

**B. Share Warrants**

| **Particulars** | |
|---|---|
| **Balance as at March 04, 2020** | - |
| Issued during the period | 0.10 |
| **Balance as at March 31, 2021** | **0.10** |
| Lapsed during the year | (0.10) |
| **Balance as at March 31, 2022** | - |

**C. Other Equity**

| Particulars | Notes | Reserves & Surplus | | | Other Items in OCI | Total |
|---|---|---|---|---|---|---|
| | | Capital Reserve | Securities Premium | Retained Earnings | Cash Flow Hedging Reserve | |
| Balance as at March 04, 2020 | | - | - | - | - | - |
| Acquired from Piramal Enterprises Limited through business transfer agreement (refer note 51) | | (392.00) | - | - | - | (392.00) |
| **Adjusted balance as at March 04, 2020** | | **(392.00)** | - | - | - | **(392.00)** |
| Add: Cash balance not taken over (including generated out of operations for the period from March 4, 2020 to October 5, 2020) (Refer Note 51) | 16 | (326.34) | - | - | - | (326.34) |
| Profit after tax for the period | | - | - | 571.50 | - | 571.50 |
| Other Comprehensive Income/(Loss) (net of tax expense) for the period | | - | - | (2.46) | 5.73 | 3.27 |
| Issue of Equity Shares (Refer Note 51) | | - | 3,249.49 | - | - | 3,249.49 |
| **Balance as at March 31, 2021** | | **(718.34)** | **3,249.49** | **569.04** | **5.73** | **3,105.92** |
| Profit after tax for the year | | | | 343.05 | | 343.05 |
| Other Comprehensive Income for the year | | | | 0.29 | 6.48 | 6.77 |
| Dividend paid during the year | | | | (50.00) | | (50.00) |
| Issue of Equity Shares (Refer Note 15) | | | 475.69 | | | 475.69 |
| **Balance as at March 31, 2022** | | **(718.34)** | **3,725.18** | **862.38** | **12.21** | **3,881.43** |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes
In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

**Nandini Piramal**
Chairperson
DIN : 00286092

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, May 24 2022

**Vivek Valsaraj**
Chief Financial Officer

**Tanya Sanish**
Company Secretary

Mumbai, May 24 2022

**1. GENERAL INFORMATION**

Piramal Pharma Limited (PPL) (including its subsidiaries) is one of India's largest pharmaceutical companies.

In Pharma, through end-to-end manufacturing capabilities across 14 global facilities and a large global distribution network to over 100 countries, The Group sells a portfolio of niche differentiated pharma products and provides an entire pool of pharma services (including in the areas of injectable, HPAPI etc.). The Company is also strengthening its presence in the Consumer Products segment in India.

PPL is a public limited Company incorporated and domiciled in India and has its registered office at Mumbai, India.

**2a. SIGNIFICANT ACCOUNTING POLICIES**

i) **Basis of preparation of financial statements**

**Compliance with Ind AS**

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

**Historical Cost convention**

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair value.

ii) **Investments in subsidiaries & associates**

**Subsidiaries:**
Subsidiaries are all entities (including structured entities) over which the group has control. The Company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

**Associates:**
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not control or joint control over those policies.

iii) **Common control transactions :**

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follows:

1) The assets and liabilities of the combining entities are reflected at their carrying amounts. The Company has made accounting policy choice to account investment in associates and joint venture at a carrying cost as appearing in the books of acquiree.

2) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.

3) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of capital employed of the business of transferor is transferred to capital reserve.

4) The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of combination. However, where the business combination had occured after that date, the prior period information is restated only from that date.

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iv) **Property, Plant and Equipment**

Freehold Land is carried at historical cost. All other items of Property Plant & Equipment are stated at cost of acquisition, less accumulated depreciation and accumulated impairment losses, if any. Direct costs are capitalised until the assets are ready for use and includes freight, duties, taxes and expenses incidental to acquisition and installation. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred. Subsequent expenditures related to an item of Property Plant & Equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company and cost can be reliably measured.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, Plant and Equipment are recognised in the Statement of Profit and Loss.

**Depreciation**
Depreciation is provided on a pro-rata basis on the straight line method ('SLM') over the estimated useful lives of the assets specified in Schedule II of the Companies Act, 2013/ on the basis of technical evaluation, which are as follows:

| **Asset Class** | **Useful life** |
|---|---|
| Buildings* | 10 years - 60 years |
| Roads | 10 years |
| Furniture & Fixtures | 3 years - 15 years |
| Plant & Equipment | 3 years - 20 years |
| Continuous Process Plant | 25 years |
| Office Equipment | 3 years - 15 years |
| Motor Vehicles | 8 years |

*Useful life of leasehold improvements is as per lease period

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

v) **Intangible Assets**
Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.
Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.

The research and development (R&D) cost is accounted in accordance with Ind AS - 38 'Intangibles'.

**Research**
Research costs, including patent filing charges, technical know-how fees, testing charges on animal and expenses incurred on development of a molecule till the stage of Pre-clinical studies and till the receipt of regulatory approval for commencing phase I trials are treated as revenue expenses and charged off to the Statement of Profit and Loss of respective year.

**Development**
Development costs relating to design and testing of new or improved materials, products or processes are recognized as intangible assets and are carried forward under Intangible Assets under Development until the completion of the project when they are capitalised as Intangible assets, if the following conditions are satisfied:

- It is technically feasible to complete the asset so that it will be available for use;
- Management intends to complete the asset and use or sell it;
- There is an ability to use or sell the asset;
- It can be demonstrated how the asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- The expenditure attributable to the asset during its development can be reliably measured.

Intangible Assets with finite useful lives are amortized on a straight line basis over the following period:

| **Asset Class** | **Useful life** |
|---|---|
| Brands and Trademarks | 10 - 15 years |
| Copyrights, Know-how (including qualifying Product Development Cost) and Intellectual property rights | 4 - 15 years |
| Computer Software | 3 - 6 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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vi) **Impairment of Assets**
The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. For the purposes of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets, is considered as a cash generating unit. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists or may have decreased, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

vii) **Financial instruments**
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Investments and Other Financial Assets**

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Subsequent Measurement

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**Amortised cost:**
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. Subsequently, these are measured at amortised cost using the Effective Interest Method less any impairment losses.

**Fair value through profit or loss (FVTPL):**
Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit and loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

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**Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss ("ECL") allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets
A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Foreign exchange gains and losses
The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

**Financial liabilities and equity instruments**
**Classification as debt or equity**
Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity Instrument**
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.

**Compulsorily Convertible Preference Shares**

Compulsorily Convertible Preference Shares are classified as a financial liability measured at amortised cost until it is extinguished on conversion.

**Financial liabilities**
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.
Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**Foreign exchange gains and losses**
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments

**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 fair values are accounted for as contributions and recognised as part of the cost of the investment.

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**Derecognition of financial liabilities**
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

**Derivatives and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability

(i) Cash flow hedges that qualify for hedge accounting:
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

(ii) Derivatives that are not designated as hedges:
The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

**Embedded derivatives**
Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

**Offsetting Financial Instruments**
Financial Assets and Liabilities are offset and the net amount is reflected in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.

viii) **Trade Receivables**
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

ix) **Inventories**
Inventories comprise of Raw and Packing Materials, Work in Progress, Finished Goods (Manufactured and Traded) and Stores and Spares. Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on Weighted Average basis. Cost includes all charges in bringing the goods to their present location and condition, including other levies, transit insurance and receiving charges. The cost of Work-in-progress and Finished Goods comprises of materials, direct labour, other direct costs and related production overheads as applicable. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

x) **Employee Benefits**
(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations
The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur. Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

(iii) Post-employment obligations
The company operates the following post-employment schemes:
- Defined Contribution plans such as provident fund, superannuation, pension, employee state insurance scheme
- Defined Benefit plans such as provident fund and Gratuity

In case of Provident fund, contributions are made to a Trust administered by the Company, except in case of certain employees, where the Contributions are made to the Regional Provident Fund Office.

Defined Contribution Plans
The Company's contribution to provident fund (in case of contributions to the Regional Provident Fund office), pension and employee state insurance scheme are considered as defined contribution plans, as the Company does not carry any further obligations apart from the contributions made on a monthly basis and are charged as an expense based on the amount of contribution required to be made.

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Defined Benefit Plan
The liability or asset recognised in the Balance Sheet in respect of defined benefit provident and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets (excluding interest income) are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.
Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Bonus Plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

xi) **Provisions and Contingent Liabilities**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

xii) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

**Sale of goods:** Revenue from the sale of goods is recognised when the Company transfers Control of the product. Control of the product transfers upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the product shipped. Amounts disclosed as revenue are net off returns, trade allowances, rebates and indirect taxes.

**Sale of Services:** In contracts involving the rendering of services/development contracts, revenue is recognised at the point in time in which services are rendered. In case of fixed price contracts, the customer pays a fixed amount based on the payment schedule. If the services rendered by the Company exceed the payment, a Contract asset (Unbilled Revenue) is recognised. If the payments exceed the services rendered, a contract liability (Deferred Revenue) is recognised.
If the contracts involve time-based billing, revenue is recognised for the amount to which the Company has a right to invoice.

**Interest:** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

**Dividend:** Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

xiii) **Foreign Currency Transactions**
In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency viz. Indian Rupee are recognised at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of profit and loss. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

xiv) **Exceptional Items**
When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

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xv) **Leases**

(a) IND AS 116, Leases

Effective March 04, 2020, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on March 04, 2020 using the modified retrospective method of transition. The Company's lease asset classes primarily consist of leases for land & buildings.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. 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

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

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

The Company's lease asset classes primarily consist of leases for land, buildings and IT assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date

2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

xvi) **Taxes on Income**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

xvii) **Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

xviii) **Borrowing Costs**

General and specific borrowing costs directly attributable to acquisition or construction of qualifying assets (i.e. those Property Plant & Equipments which necessarily take a substantial period of time to get ready for their intended use) are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

xix) **Segment Reporting**

In accordance with Ind AS 108 'Operating Segments', segment information has been given in the consolidated financial statements of the Company, which are presented in the same annual report and therefore, no separate disclosure on segment information is given in these financial statements.

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xx) **Standards issued but not yet effective**
Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies.

(Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

**Ind AS 103 - Reference to Conceptual Framework**
The amendments specifiy that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 16 - Proceeds before intended use**
The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 109 - Annual Improvements to Ind AS (2021)**
The amendment clarifies the treatment of any cost or fees incurred by an entity in the process of derecognition of financial liability in case of repurchase of the debt instrument by the issuer. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 106 - Annual Improvements to Ind AS (2021)**
The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

xxi) **Dividends**
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xxii) **Rounding of amounts**
All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crores as per the requirement of Schedule III, unless otherwise stated.

xxiii) **Insurance Claim**
Insurance Claim is recorded as an income on the basis of filing of insurance claim and corresponding claim receivable is recognised as an asset.

**2b. Critical accounting judgements and key sources of estimation uncertainties**

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

i **Estimation of uncertainty relating to COVID-19 global health pandemic**
In assessing the recoverability of receivables and intangible assets the Company has considered internal and external sources of information, including economic forecasts and industry reports up to the date of approval of these standalone financial statements. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the carrying amount of these assets represent the company's best estimate of the recoverable amounts. As a result of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will continue to monitor any changes to the future economic conditions. Also refer note 3, 9 and 47(a).

ii **Impairment loss in Investments carried at cost:**
The Company conducts impairment reviews of investments in subsidiaries / associates whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which base on future cash flows and a suitable discount rate in order to calculate the present value.

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### 3. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rs. in Crores

| | GROSS CARRYING AMOUNT | | | | ACCUMULATED DEPRECIATION / AMORTISATION | | | | NET CARRYING AMOUNT | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Particulars** | **Opening As at April 1, 2021** | **Additions** | **Deductions/ Adjustments** | **As at March 31, 2022 (A)** | **Opening As at April 1, 2021** | **For the year #** | **Deductions/ Adjustments** | **As at March 31, 2022 (B)** | **As at March 31, 2022 (A-B)** | **As at March 31, 2021** |
| **Tangible Assets** | | | | | | | | | | |
| Land Freehold | 21.03 | - | - | **21.03** | - | - | - | - | **21.03** | 21.03 |
| Buildings | 738.13 | 19.66 | - | **757.79** | 75.11 | 18.75 | - | **93.86** | **663.93** | 663.02 |
| Roads | 2.08 | - | - | **2.08** | 0.87 | 0.22 | - | **1.09** | **0.99** | 1.21 |
| Plant & Equipment | 913.09 | 67.61 | 12.48 | **968.22** | 332.92 | 60.72 | 10.07 | **383.57** | **584.65** | 580.17 |
| Furniture and fixtures | 28.18 | 2.74 | 0.02 | **30.90** | 12.66 | 2.69 | 0.02 | **15.33** | **15.57** | 15.52 |
| Motor Vehicles | 0.88 | 0.02 | - | **0.90** | 0.51 | 0.10 | - | **0.61** | **0.29** | 0.37 |
| Office equipment | 25.81 | 3.95 | 0.04 | **29.72** | 15.35 | 4.66 | 0.03 | **19.98** | 9.74 | 10.46 |
| **Total (I)** | **1,729.20** | **93.98** | **12.54** | **1,810.64** | **437.42** | **87.14** | **10.12** | **514.44** | 1,296.20 | **1,291.78** |
| **Intangible Assets *** | | | | | | | | | | |
| Brands and Trademarks + | 451.51 | 8.13 | - | **459.64** | 158.05 | 31.65 | - | **189.70** | **269.94** | 293.46 |
| Copyrights, Know-how and Intellectual property rights | 17.79 | - | - | **17.79** | 10.54 | 1.76 | - | **12.30** | **5.49** | 7.25 |
| Computer Software | 40.46 | 10.15 | - | **50.61** | 25.22 | 6.12 | - | **31.34** | **19.27** | 15.24 |
| Product Know-how | 6.57 | - | - | **6.57** | 0.94 | 1.31 | - | **2.25** | **4.32** | 5.63 |
| **Total (II)** | **516.33** | **18.28** | - | **534.61** | **194.75** | **40.84** | - | 235.59 | **299.02** | **321.58** |
| **Grand Total (I+II)** | **2,245.53** | **112.26** | **12.54** | **2,345.25** | **632.17** | **127.98** | **10.12** | 750.03 | **1,595.22** | **1,613.36** |

*** Material Intangible Assets as on March 31, 2022:**

| **Asset Class** | **Carrying Value as at March 31, 2022 (Rs. Crores.)** | **Carrying Value as at March 31, 2022 (Rs. Crores.)** | **Remaining useful life as on March 31, 2022** |
|---|---|---|---|
| Product-related Intangibles - Brands and Trademarks | 269.94 | 293.46 | 2 years to 15 years |

# Depreciation for the period ended March 31, 2022 includes depreciation amounting to Rs.7.88 Crores (Previous Year Rs. 9.12 Crores) on assets used for Research and Development locations at Ennore and Mumbai.

+ Certain Brands are in the process of being registered in the name of the Company, for which the necessary application has been made with trade mark registry.

Considering internal and external sources of information, the Company has evaluated at the end of the reporting period, whether there is any indication that any intangible asset may be impaired. Where such indication exists, the Company has estimated the recoverable amount of the intangible assets based on 'value in use' method. The financial projections on the basis of which the future cash flows have been estimated consider (a) an increase in economic uncertainties due to COVID-19, (b) reassessment of the discount rates, (c) revisiting the growth rates factored while arriving at terminal value, and these variables have been subjected to a sensitivity analysis. The carrying amount of the intangible assets represent the Company's best estimate of the recoverable amounts.

Refer Note 36B(a) for the contractual capital commitments for purchase of Property, Plant & Equipment.

There has been no revaluation of Property, Plant and Equipment (PPE) and Intangibles during the year ended March 31, 2022.

The Company holds the title deeds of all immovable properties in their name.

Refer note 54 and 55 for ageing of Capital Work in Progress and Intangible Assets under development

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### 3. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rs. in Crores

| Particulars | GROSS CARRYING AMOUNT | | | | ACCUMULATED DEPRECIATION / AMORTISATION | | | | NET CARRYING AMOUNT |
|---|---|---|---|---|---|---|---|---|---|
| | Balance Acquired As at March 4, 2020 refer note ** | Additions for the period | Deductions / Adjustments | As at March 31, 2021 (A) | Balance Acquired As at March 4, 2020 refer note ** | For the Period # | Deductions/ Adjustments | As at March 31, 2021 (B) | As at March 31, 2021 (A-B) |
| **Tangible Assets** | | | | | | | | | |
| Land Freehold @ | 21.03 | - | - | **21.03** | - | - | - | - | **21.03** |
| Buildings @ | 737.80 | 15.15 | 14.82 | **738.13** | 62.15 | 19.62 | 6.66 | **75.11** | **663.02** |
| Roads | 2.08 | - | - | **2.08** | 0.63 | 0.24 | - | **0.87** | **1.21** |
| Plant & Equipment | 872.66 | 67.95 | 27.52 | **913.09** | 276.38 | 71.64 | 15.10 | **332.92** | **580.17** |
| Furniture and fixtures | 28.37 | 1.56 | 1.75 | **28.18** | 11.05 | 2.76 | 1.15 | **12.66** | **15.52** |
| Motor Vehicles | 0.86 | 0.02 | - | **0.88** | 0.40 | 0.11 | - | **0.51** | **0.37** |
| Office equipment | 25.65 | 2.87 | 2.71 | **25.81** | 12.20 | 4.60 | 1.45 | **15.35** | **10.46** |
| **Total (I)** | **1,688.45** | **87.55** | 46.80 | **1,729.20** | **362.81** | **98.97** | 24.36 | 437.42 | 1,291.78 |
| **Intangible Assets *** | | | | | | | | | |
| Brands and Trademarks + | 451.51 | - | - | **451.51** | 123.59 | 34.46 | - | **158.05** | **293.46** |
| Copyrights, Know-how and Intellectual property rights | 17.79 | - | - | **17.79** | 8.78 | 1.76 | - | **10.54** | **7.25** |
| Computer Software | 34.12 | 7.21 | 0.87 | **40.46** | 19.73 | 6.27 | 0.78 | **25.22** | **15.24** |
| Product Know-how | 2.32 | 6.57 | 2.32 | **6.57** | 1.46 | 1.05 | 1.57 | 0.94 | **5.63** |
| **Total (II)** | **505.74** | **13.78** | **3.19** | **516.33** | **153.56** | **43.54** | **2.35** | 194.75 | **321.58** |
| **Grand Total (I+II)** | **2,194.19** | **101.33** | **49.99** | **2,245.53** | **516.37** | **142.51** | **26.71** | **632.17** | **1,613.36** |

*** Material Intangible Assets as on March 31, 2021:**

| Asset Class | Carrying Value as at March 31, 2021 (Rs. Crores) | Remaining useful life as on March 31, 2021 |
|---|---|---|
| Product-related Intangibles - Brands and Trademarks | 293.46 | 3 years to 12 years |

** Refer Note 51

\# Depreciation for the period ended March 31, 2021 includes depreciation amounting to Rs.9.12 Crores on assets used for Research and Development locations at Ennore and Mumbai.

+ Certain Brands are in the process of being registered in the name of the Company, for which the necessary application has been made with trade mark registry.

@ These land and buildings were acquired, pursuant to Business Transfer Agreement between the Company and Piramal Enterprises Limited (PEL) (refer note 51).The Company has completed the process of transferring title deeds in it's name during the current year ended March 31,2022.

| Description of item of property | Gross carrying value (Rs. Crores) | Title deeds held in the name of | Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director | Property held since which date | Reason for not being held in the name of the company |
|---|---|---|---|---|---|
| Freehold land located at Ennore admeasuring 75.38 Acres with the buildings appurtenant thereto | 23.78 | PEL | Promoter | October 06, 2020 | Land parcels along with the buildings appurtenant thereto acquired pursuant to Business Transfer Agreement dated June 26, 2020 between the Company and Piramal Enterprises Limited is yet to be registered in the name of the Company. |
| Freehold land located at Digwal/Hyderabad admeasuring 87.00 Acres & 47 Guntas with the buildings appurtenant thereto | 90.52 | PEL | Promoter | October 06, 2020 | |

Considering internal and external sources of information, the Company has evaluated at the end of the reporting period, whether there is any indication that any intangible asset may be impaired. Where such indication exists, the Company has estimated the recoverable amount of the intangible assets based on 'value in use' method. The financial projections on the basis of which the future cash flows have been estimated consider (a) an increase in economic uncertainties due to COVID-19, (b) reassessment of the discount rates, (c) revisiting the growth rates factored while arriving at terminal value, and these variables have been subjected to a sensitivity analysis. The carrying amount of the intangible assets represent the Company's best estimate of the recoverable amounts.

Refer Note 36B(a) for the contractual capital commitments for purchase of Property, Plant & Equipment.

There has been no revaluation of Property, Plant and Equipment (PPE) and Intangibles during the year ended March 31,2021

Refer note 54 and 55 for ageing of Capital Work in Progress and Intangible Assets under development

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Piramal Pharma Limited
Notes to financial statements for the year ended March 31, 2022

## 4. Investments

**Investments - Non Current:**

| | Particulars | As at March 31, 2022 (Rs. in Crores) | | As at March 31, 2021 (Rs. in Crores) | |
|---|---|---|---|---|---|
| **Investments in Equity Instruments (fully paid up, unless otherwise stated):** | | | | | |
| **A.** | **In Subsidiaries (Unquoted) - At cost:** | | | | |
| i. | Piramal Healthcare Inc. | | | | |
| | Equity Contribution | 55.67 | | 55.67 | |
| | Capital Contribution (Guarantee) | 30.77 | 86.44 | 30.77 | 86.44 |
| ii. | Piramal Dutch Holdings N.V. | | 1,390.54 | | 1,390.54 |
| iii. | Piramal Healthcare UK Limited (Capital Contribution - Guarantee) | | 1.06 | | 1.06 |
| iv. | Piramal Healthcare Canada Limited(Capital Contribution - Guarantee) | | 2.21 | | 2.21 |
| v. | PEL Pharma Inc. | | 6.54 | | 6.54 |
| vi. | Convergence Chemicals Private Limited (CCPL)@ | | 100.81 | | 100.81 |
| vii. | Hemmo Pharmaceuticals Private Limited * | | 903.99 | | - |
| | | | **2,491.59** | | **1,587.60** |
| **B.** | **In Associates :**<br>**Unquoted - At Cost:** | | | | |
| i. | Allergan India Private Limited | | 3.92 | | 3.92 |
| ii. | Yapan Bio Private Limited (Face Value of Rs. 10 each) ** | | 101.77 | | - |
| | | | **105.69** | | **3.92** |
| | **Non Current Investments** | | **2,597.28** | | **1,591.52** |

*On June 22, 2021, the Company completed the acquisition of 100% stake in Hemmo Pharmaceuticals Private Limited ('Hemmo') pursuant to an agreement entered on March 31, 2021 for an upfront cash consideration of Rs. 775 crores and earn-outs linked to achievement of milestones. The Company has completed the purchase price allocation of the assets/liabilities acquired and consequently, measurement period changes have been adjusted to the above investment. Balance consideration payable is Rs 89.91 crores.

** On December 20, 2021, the Company acquired 27.78% stake in Yapan Bio Private Limited ('Yapan') for a consideration of Rs. 101.77 Crores.

@ CCPL was joint venture between the Company and Navin Flourine International Limited upto February 24,2021 having carrying value of Rs. 35.71 Crores as on that date. On February 24,2021 ,the Company has acquired balance 49% stake held by Navin Flourine International Limited in CCPL for a cash consideration of Rs. 65.10 Crores. Post this acquisition, CCPL is a wholly owned subsidiary of the Company.

**Investments - Current:**

| | Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Quantity | Amount (Rs. in Crores) | Quantity | Amount (Rs. in Crores) |
| i. | Investment in Mutual Funds (Quoted) - at FVTPL | | | | |
| | Kotak Overnight Fund Growth - Direct | 1,94,100 | 22.01 | - | - |
| | UTI Overnight Fund - Direct Growth Plan Growth | 51,550 | 15.00 | - | - |
| | **Current Investments** | | **37.01** | **-** | **-** |

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| | As at March 31, 2022 Rs. in Crores | As at March 31, 2021 Rs. in Crores |
|---|---|---|
| **5. LOANS - NON-CURRENT** | | |
| **Loans (Unsecured And Considered Good)** | | |
| Loans to related parties (refer Note 38) | 791.65 | 613.81 |
| **TOTAL** | **791.65** | **613.81** |

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in a Party (Ultimate Beneficiaries) identified by or on behalf of the Company. Further, there are no funds received from any Party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities ("Ultimate Beneficiaries") identified by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**6. OTHER FINANCIAL ASSETS - NON-CURRENT**

| | | |
|---|---|---|
| Security Deposits | 14.15 | 10.75 |
| **TOTAL** | **14.15** | **10.75** |

**7. OTHER NON-CURRENT ASSETS**

| | | |
|---|---|---|
| Advance tax (Net of provision for tax of Rs. 1.05 Crores) | 6.61 | - |
| Capital Advances | 1.83 | 1.43 |
| Advances recoverable | 24.23 | 23.85 |
| **TOTAL** | **32.67** | **25.28** |

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| | As at March 31, 2022 Rs. in Crores | As at March 31, 2021 Rs. in Crores |
|---|---|---|
| **8. INVENTORIES** | | |
| Raw and Packing Materials [Includes in transit of Rs. Nil (Previous Year Rs. 0.24 Crores)] | 233.21 | 213.43 |
| Work-in-Progress | 196.18 | 145.39 |
| Finished Goods | 15.75 | 34.65 |
| Stock-in-trade | 0.01 | 1.73 |
| Stores and Spares | 36.13 | 25.68 |
| **TOTAL** | **481.28** | **420.88** |

**Note:**

1. The cost of inventories recognised as an expense during the year was Rs. 1,537.18 Crores. (Previous year Rs. 1,275.27 Crores)
2. The cost of inventories recognised as an expense includes credit of Rs. 0.07 Crores (Previous Year Rs. 0.37 Crores) in respect of write downs of inventory to net realisable value and expense of Rs. 0.30 Crores (Previous year Rs. 13.60 Crores) in respect of provisions for slow moving/non moving/expired/near expiry products.
3. Refer note 2(a)(ix) for policy for valuation of inventories.
4. Refer note 21 for inventories hypothecated as security against borrowings.

| | | As at March 31, 2022 Rs. in Crores | | As at March 31, 2021 Rs. in Crores |
|---|---|---|---|---|
| **9. TRADE RECEIVABLES** | | | | |
| Unsecured | | | | |
| (a) Considered Good | 949.50 | | 841.48 | |
| Less: Expected Credit Loss on (a) | (1.85) | 947.65 | (1.73) | 839.75 |
| (b) Considered Doubtful | 25.42 | | 22.90 | |
| Less: Expected Credit Loss on (b) | (25.42) | - | (22.90) | - |
| **TOTAL** | | **947.65** | | **839.75** |

The credit period on sale of goods generally ranges from 7 to 150 days.

The Company has a Credit Risk Management Policy for its Pharmaceuticals Manufacturing and Services business. For every new customer (except established large pharma companies), the Company performs a credit rating check using an external credit agency. If a customer clears the credit rating check, the credit limit for that customer is derived using internally documented scoring systems. The credit limits for all the customers are reviewed on an ongoing basis.

Of the Trade Receivables balance as at March 31, 2022 of Rs. 947.65 Crores, (Previous year Rs. 839.75 Crores) the top 3 customers of the Company represent the balance of Rs. 353.50 Crores (Previous year Rs. 303.88 Crores) as at March 31, 2022. There was one customer (Previous year Three) who represents more than 5% of total balance of Trade Receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for External Trade Receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience, adjusted for forward looking information including the likelihood of increased credit risk considering emerging situations due to COVID-19 based on external sources of information. The Company has concluded that the carrying amount of the trade receivables represent the Company's best estimate of the recoverable amounts. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as under:

| Ageing | Expected credit loss (%) - For external customers |
|---|---|
| Less than 365 days | 0.30% |
| More than 365 days | 100.00% |

(Rs. in Crores)

| Ageing of Expected credit loss | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Within due date | 1.42 | 1.43 |
| After Due date | 25.85 | 23.20 |
| **Total** | **27.27** | **24.63** |

(Rs. in Crores)

| Movement in Expected Credit Loss Allowance: | For the year ended March 31, 2022 | Period ended March 31, 2021 |
|---|---|---|
| Balance at the beginning of the period | 24.63 | 14.06 |
| Add: Net Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | 2.64 | 10.57 |
| **Balance at the end of the period** | **27.27** | **24.63** |

For ageing of trade receivables, refer Note 52

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| | As at March 31, 2022 Rs. in Crores | As at March 31, 2021 Rs. in Crores |
|---|---|---|
| **10. CASH AND CASH EQUIVALENTS** | | |
| **- Cash and Cash equivalents** | | |
| i. Balance with Banks : | | |
| - Current Accounts | 84.60 | 146.62 |
| ii. Cash on Hand | 0.05 | 0.11 |
| **TOTAL** | 84.65 | 146.73 |
| **11. OTHER BANK BALANCES** | | |
| Margin Money | 5.62 | 5.62 |
| **TOTAL** | 5.62 | 5.62 |
| **12. LOANS - CURRENT (Unsecured and Considered Good)** | | |
| AT AMORTISED COST : | | |
| Loans Receivables from Related Parties (refer note 38) | 47.32 | 10.60 |
| **TOTAL** | 47.32 | 10.60 |
| **13. OTHER FINANCIAL ASSETS - CURRENT** | | |
| Security Deposits | 2.98 | 4.69 |
| Guarantee Commission receivable | 0.44 | 0.32 |
| Derivative Financial Assets | 6.26 | 16.36 |
| Unbilled revenues # | 2.91 | 21.47 |
| Other Receivables from Related Parties (refer note 38) | 12.38 | 41.64 |
| Interest Accrued | 0.14 | 0.16 |
| Others * | 2.37 | 15.64 |
| **TOTAL** | 27.48 | 100.28 |

\# Classified as financial asset as right to consideration is unconditional upon passage of time.
* Previous year mainly includes insurance claim of Rs. 6.42 Crores toward fire at Ennore plant

| | As at March 31, 2022 Rs. in Crores | As at March 31, 2021 Rs. in Crores |
|---|---|---|
| **14. OTHER CURRENT ASSETS** | | |
| Unsecured and Considered Good : | | |
| - Advances | 83.04 | 70.12 |
| Balance with Government Authorities | 228.95 | 161.50 |
| Prepayments | 13.97 | 7.69 |
| Claims Receivable | 1.52 | 4.33 |
| **TOTAL** | 327.48 | 243.64 |

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| | As at Mar 31,2022 Rs. in Crores | As at Mar 31,2021 Rs. in Crores |
|---|---|---|
| **15. SHARE CAPITAL** | | |
| **AUTHORISED SHARE CAPITAL** | | |
| 1,50,00,00,000 equity shares of Rs. 10 each | 1,500.00 | 1,500.00 |
| 10,00,00,000 compulsorily convertible preference shares of Rs. 10 each | 100.00 | 100.00 |
| | **1,600.00** | **1,600.00** |
| **ISSUED, SUBSCRIBED & PAID UP CAPITAL** | | |
| 1,18,59,13,506 (previous year 99,46,02,064) equity shares of face value of Rs. 10 each fully paid. | 1,185.91 | 994.60 |
| **TOTAL** | **1,185.91** | **994.60** |

(i) **Movement in Equity Share Capital**

| Particulars | As at March 31, 2022 No. of shares | As at March 31, 2022 Rs. in Crores | As at March 31, 2021 No. of shares | As at March 31, 2021 Rs. in Crores |
|---|---|---|---|---|
| At the beginning of the year | 99,46,02,064 | 994.60 | 10,000 | 0.01 |
| **Add: Issued during the period** | | | | |
| Rights Issue - Piramal Enterprises Limited | - | - | 78,50,00,000 | 785.00 |
| Preferential Issue - Piramal Enterprises Limited | 96,57,423 | 9.65 | 1,06,71,651 | 10.67 |
| Preferential Issue - CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) | 39,88,262 | 3.99 | 19,89,20,413 | 198.92 |
| Bonus Shares - Piramal Enterpries Limited | 14,19,10,732 | 141.91 | - | - |
| Bonus Shares - CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) | 3,57,55,025 | 35.76 | - | - |
| **At the end of the period** | **1,18,59,13,506** | **1,185.91** | **99,46,02,064** | **994.60** |

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

| Particulars | As at March 31, 2022 No. of shares | As at March 31, 2022 % Holding | As at March 31, 2021 No. of shares | As at March 31, 2021 % Holding |
|---|---|---|---|---|
| Piramal Enterprises Limited - Parent Company | 94,72,49,806 | 79.88% | 79,56,81,651 | 80.00% |
| CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) | 23,86,63,700 | 20.12% | 19,89,20,413 | 20.00% |

(iii) **Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the balance sheet date:**

| Particulars | Financial Year | No. of shares |
|---|---|---|
| Allotment of equity shares of face value of Rs.10 each as bonus shares to the existing shareholders in the ratio 5.674:1 | 2021-22 | 17,76,65,757 |
| Allotment of equity shares of face value Rs.10 each fully paid-up in lieu of conversion of compulsory convertible preference shares to CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) (Refer note 21). | 2021-22 | 39,88,262 |
| Allotment of equity shares of face value Rs.10 each fully paid-up in lieu of consideration payable to Piramal Enterprises Limited. | 2021-22 | 96,57,423 |
| Allotment of equity shares of face value Rs.10 each fully paid-up in lieu of transfer of stake held by Piramal Enterprises Limited in Piramal Healthcare Inc. to the Company. | 2020-21 | 1,06,71,651 |

(iv) **Terms and Rights attached to equity shares**

Equity Shares:
The Company has one class of equity shares having a face value of Rs.10/- per share. Each shareholder is eligible for one vote per share held. The dividend if declared 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.

(v) **Share Warrants:**

| | Rs. in Crores |
|---|---|
| **Balance as at March 04, 2020** | - |
| Issued during the period (10,00,00,000 share warrants having face value Rs. 10/- each were issued to Piramal Enterprises Limited) | 0.10 |
| **Balance as at March 31, 2021** | **0.10** |
| Lapsed during the year | (0.10) |
| **Balance as at March 31, 2022** | - |

(vi) **Shareholdings of Promoter**

Shares held by promoters at the end of the year as at March 31, 2022

| Promoter Name | No. of shares | %of total shares | % Change during the year |
|---|---|---|---|
| Piramal Enterprises Limited | 94,72,49,806 | 79.88% | 0.12% |

Shares held by promoters at the end of the year as at March 31, 2021

| Promoter Name | No. of shares | %of total shares | % Change during the year |
|---|---|---|---|
| Piramal Enterprises Limited | 79,56,81,651 | 80.00% | Not applicable |

On November 10, 2021, interim dividend of Rs. 0.42 per equity share (Face value of Rs. 10/- each) amounting to Rs. 50 Crores was paid to holders of fully paid equity shares. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT) hence DDT is not applicable.

On May 24, 2022, final dividend of Rs. 0.56 per equity share (face value of Rs. 10/- each) amounting to Rs. 67 Crores has been recommended by the Board of Directors which is subject to approval of the shareholders.On May 24, 2022, final dividend of Rs. 0.56 per equity share (face value of Rs. 10/- each) amounting to Rs. 67 Crores has been recommended by the Board of Directors which is subject to approval of the shareholders.

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## 16. OTHER EQUITY

| | As at March 31,2022 Rs. in Crores | As at March 31,2021 Rs. in Crores |
|---|---|---|
| Capital Reserve<br>(This reserve is an outcome of the Business transfer (Business combination) from Piramal Enterprises Limited (Holding Company) to the Company.) | (718.34) | (718.34) |
| Securities Premium<br>(Securities Premium is on account of issue of equity shares. The reserve will be utilised in accordance with the provision of the Companies Act, 2013.) | 3,725.18 | 3,249.49 |
| Cash Flow Hedging Reserve<br>(The Company uses hedging instruments as part of its management of foreign currency risk associated with its Foreign Currency forecasted sales. Amounts recognised in cash flow hedging reserve is reclassified to Statement of Profit and Loss when the hedged items affect the statement of Profit and Loss. To the extent these hedges are effective, the change in the fair value of hedging instrument is recognised in the Cash Flow Hedging Reserve. (Refer Note 47(d))) | 12.21 | 5.73 |
| Retained Earnings<br>(The retained earnings are the profits that the company has earned to date ,less any dividend or distributions paid to investors) | 862.38 | 569.04 |
| **TOTAL** | 3,881.43 | 3,105.92 |

Note - Refer Statement of Changes in Equity for movement in reserve

## 17. BORROWINGS - NON CURRENT

**Secured - at amortized cost**

| | | March 31,2022 | | March 31,2021 |
|---|---|---|---|---|
| (i) Term Loan from financial institution | 248.46 | | - | |
| (ii) Redeemable Non Convertible Debenture | 199.15 | 447.61 | - | - |
| **TOTAL** | | 447.61 | | - |

**Terms of repayment, nature of security & rate of interest in case of Secured Loans**

**A. Term Loan from other than Banks -Rupee Loans ***

(Rs. in Crores)

| Nature of Security | Terms of repayment | Principal Outstanding as at March 31, 2022 * | Principal Outstanding as at March 31, 2021 |
|---|---|---|---|
| First ranking pari passu charge on identified Tangible Assets and an exclusive charge over identified Intangible Assets. | Repayable on May 31, 2023 | 500.00 | - |

The coupon rates for the above loans are 7.49% & 7.70% per annum.

*Including current portion

**B. Redeemable Non Convertible Debentures ***

(Rs. in Crores)

| Nature of Security | Particulars | Terms of repayment | Principal Outstanding as at March 31, 2022 | Principal Outstanding as at March 31, 2021 |
|---|---|---|---|---|
| First pari- pasu charge over pool of selected tangible and intangible assets. | 2000 (Previous Year: Nil) (Payable Annually) 7.50% Secured Rated Unlisted Redeemable Non Convertible Debentures of Rs.1,000,000 each | The amount of Rs.200 Crores is redeemable at par in equal annual repayment at the end of 3rd, 4th and 5th year from the date of drawdown with a put and call option at the end of 3 years and 4 years. | 200.00 | - |

* Company has not received any funds to lend or invest in other persons or entities on behalf of the Funding party.

The Company has utilised the borrowings (including current borrowings) for the purpose for which they were taken.

## 18. OTHER FINANCIAL LIABILITIES - NON-CURRENT

| | March 31,2022 | March 31,2021 |
|---|---|---|
| Contingent consideration Payable (Refer note 4) | 0.40 | - |
| **TOTAL** | 0.40 | - |

## 19. NON-CURRENT PROVISIONS

| | March 31,2022 | March 31,2021 |
|---|---|---|
| Provision for employee benefits (Refer note 37) | 10.74 | 6.59 |
| **TOTAL** | 10.74 | 6.59 |

## 20. DEFERRED TAX LIABILITIES (NET)

**Deferred Tax Liabilities/(Assets) on account of temporary differences :**

| | | March 31,2022 | | March 31,2021 |
|---|---|---|---|---|
| - Property, Plant and Equipment and Intangible Assets | 166.49 | | 167.25 | |
| - Fair value measurement of derivative contracts | 1.76 | | 4.30 | |
| - Recognition of lease rent expense | (0.14) | | (0.07) | |
| - Remeasurement of defined benefit obligation | (0.72) | | (0.82) | |
| - Expected Credit Loss on Trade Receivables | (0.99) | | (0.24) | |
| - Debt EIR impact | 0.58 | | - | |
| - Expenses that are allowed on payment basis | (9.44) | | - | |
| Refer Note 49 for movement during the period | | 157.54 | | 170.42 |

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| | | As at March 31,2022 Rs. in Crores | | As at March 31,2021 Rs. in Crores |
|---|---|---|---|---|
| **21. BORROWINGS - CURRENT** | | | | |
| **(a) Loans repayable on demand** | | | | |
| **Secured - At Amortised Cost** | | | | |
| Loans from banks : | | | | |
| - Working capital Demand Loan | 200.03 | | 30.00 | |
| - Packing Credit Loan | 190.18 | | 60.20 | |
| | | 390.21 | | 90.20 |
| Current maturity of long-term loans (refer note 17) | | 263.71 | | - |
| **Unsecured** | | | | |
| Compulsory Convertible Preference Shares (CCPS) at Rs. 10 each # | | - | | 75.00 |
| **TOTAL** | | **653.92** | | **165.20** |

**Notes:**

| Description of loan | Terms of repayment | Rate of Interest |
|---|---|---|
| **Secured Loans:** | | |
| Working capital Demand Loan* | At Call | 4.50 % to 5.00 % pa |
| Packing Credit Loan** | At Call | 4.50 % to 5.01 % pa |

**Terms of repayment, nature of security & rate of interest in case of Secured Loans:**

*** Working capital Demand Loan** (Rs. in Crores)

| Nature of Security | Terms of repayment | Principal Outstanding as at March 31, 2022 | Principal Outstanding as at March 31, 2021 |
|---|---|---|---|
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on September 9, 2022 | 30.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on September 2, 2022 | 30.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on August 5, 2022 | 35.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on August 1, 2022 | 20.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on July 27, 2022 | 25.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on June 8, 2022 | 30.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on June 6, 2022 | 30.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on May 24, 2021 | - | 30.00 |

**** Packing Credit Loan** (Rs. in Crores)

| Nature of Security | Terms of repayment | Principal Outstanding as at March 31, 2022 | Principal Outstanding as at March 31, 2021 |
|---|---|---|---|
| First pari-passu charge over the company's Stocks & Receivables | Repayable on September 18, 2022 | 50.00 | - |
| First pari-passu charge over the company's Stocks & Receivables | Repayable on September 12, 2022 | 50.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on June 24, 2022 | 40.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on June 10, 2022 | 50.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on May 4, 2021 | - | 60.20 |

\# CCPS shall compulsorily and mandatorily be converted into Equity Shares on October 6, 2021. Conversion price for CCPS shall be above the price determined in accordance with the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended from time to time.
Dividend @ 0.00001% shall be payable to the investor at the end of the 15 month period from the date of issuance i.e. October 6, 2020.
Investor shall not have voting rights in respect of CCPS until the CCPS are fully converted.

Conversion of CCPS to Equity (Allotted to CA Alchemy Investments) : 7,50,00,000 CCPS were converted into equity shares on 1st October 2021. Pursuant to conversion of the CCPS, 39,88,262 equity shares of face value of Rs. 10 each were allotted to CA Alchemy Investments.

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| | As at March 31,2022 Rs. in Crores | As at March 31,2021 Rs. in Crores |
|---|---|---|
| **22. OTHER FINANCIAL LIABILITIES - CURRENT** | | |
| Employee related liabilities | 36.37 | 37.26 |
| Payable to related party (Refer note 38 & 15) | 1.61 | 592.00 |
| Capital Creditors | 2.25 | 1.73 |
| Security Deposits Received | 2.60 | 2.53 |
| Other payables | 20.75 | - |
| Contingent Consideration Payable (Refer note 4) | 89.51 | - |
| **TOTAL** | **153.09** | **633.52** |
| **23. OTHER CURRENT LIABILITIES** | | |
| Advances from Customers | 26.37 | 33.25 |
| Statutory Dues | 8.10 | 3.91 |
| Deferred Revenue | 6.17 | 9.41 |
| **TOTAL** | **40.64** | **46.57** |
| **24. CURRENT PROVISIONS** | | |
| Provision for Employee Benefits (Refer note 37) | 32.50 | 30.88 |
| **TOTAL** | **32.50** | **30.88** |
| **25. CURRENT TAX LIABILITIES (NET)** | | |
| Provision for Income Tax [Net of advance Tax of Rs.76.85 Crores (Previous year Rs.95.29 Crores)] | 19.49 | 9.69 |
| **TOTAL** | **19.49** | **9.69** |

| | | For the year ended March 31, 2022 Rs. in Crores | | For the period March 04, 2020 To March 31, 2021 Rs. in Crores |
|---|---|---|---|---|
| **26. REVENUE FROM OPERATIONS** | | | | |
| **REVENUE FROM CONTRACTS WITH CUSTOMERS** | | | | |
| Sale of products | 2,677.15 | | 2,477.52 | |
| Sale of Services | 300.42 | 2,977.57 | 422.23 | 2,899.75 |
| Other operating revenues: | | | | |
| -Miscellaneous Income * | 117.38 | 117.38 | 39.06 | 39.06 |
| TOTAL | | 3,094.95 | | 2,938.81 |

* Previous year includes insurance claim of Rs.5.39 Crores in respect of Ennore fire.

**Disaggregate Revenue Information**

The table below presents disaggregated revenues from contracts with customers by major product and timing of transfer of goods or services for each of our business segments. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cashflows are affected by industry, market and other economic factors.

(Rs. In Crores)

| Revenue by product line/ timing of transfer of goods/ services | For the year ended March 31, 2022 | | For the period March 04, 2020 to March 31, 2021 | |
|---|---|---|---|---|
| | At Point in time | Over time | At Point in time | Over time |
| Pharmaceuticals | 1,935.20 | 300.42 | 1,950.32 | 422.23 |
| Over the counter products | 741.95 | - | 527.20 | - |
| **Total** | **2,677.15** | **300.42** | **2,477.52** | **422.23** |

**Reconciliation of revenue recognised with the contract price**

(Rs. in Crores)

| Particulars | For the year ended March 31, 2022 | For the period March 04, 2020 to March 31, 2021 |
|---|---|---|
| Sale of products and services at transaction price | 3,029.41 | 3,013.04 |
| Less: Discounts | (51.84) | (113.29) |
| **Revenue recognised on sale of products and services** | **2,977.57** | **2,899.75** |

**27. OTHER INCOME**

| | | |
|---|---|---|
| Interest Income on Financial Assets (at amortized costs) | 28.38 | 20.70 |
| Dividend Income | | |
| - On Non-current Equity Instruments in Associates | 90.66 | 124.54 |
| Profit on Sale of Property Plant & Equipment (Net) | - | 0.33 |
| Profit on Sale of Investment (Net) | 1.94 | - |
| Other Gains & Losses: | | |
| - Foreign Exchange Gain (Net) | 37.20 | 37.10 |
| Write back of liabilities no longer payable | 60.13 | 6.74 |
| Miscellaneous Income | 5.28 | 8.56 |
| TOTAL | 223.59 | 197.97 |

| | For the year ended March 31, 2022 Rs. In Crores | For the period March 04, 2020 To March 31, 2021 Rs. In Crores |
|---|---|---|

## 28. COST OF MATERIALS CONSUMED

| | For the year ended March 31, 2022 | For the period March 04, 2020 To March 31, 2021 |
|---|---|---|
| Balance acquired as at March 4, 2020 (refer note 51) | - | 171.74 |
| Opening Inventory as at April 01, 2021 | 213.43 | |
| Add: Purchases | 1,023.46 | 1,028.39 |
| Less: Closing Inventory | 233.21 | 213.43 |
| **TOTAL** | **1,003.68** | **986.70** |

## 29. PURCHASES OF STOCK-IN-TRADE

| | For the year ended March 31, 2022 | For the period March 04, 2020 To March 31, 2021 |
|---|---|---|
| Traded Goods | 509.70 | 183.21 |
| **TOTAL** | **509.70** | **183.21** |

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

| | For the year ended March 31, 2022 | | For the period March 04, 2020 To March 31, 2021 | |
|---|---|---|---|---|
| **OPENING STOCKS :** | | | | |
| Work-in-Progress | 145.39 | | | |
| Finished Goods | 34.65 | | | |
| Stock-in-trade | 1.73 | 181.77 | | |
| **BALANCE ACQUIRED AS AT MARCH 4, 2020 (refer note 51) :** | | | | |
| Work-in-Progress | - | | 193.04 | |
| Finished Goods | - | | 46.59 | |
| Stock-in-trade | - | - | - | 239.63 |
| **CLOSING STOCKS :** | | | | |
| Work-in-Progress | 196.18 | | 145.39 | |
| Finished Goods | 15.75 | | 34.65 | |
| Stock-in-trade | 0.01 | 211.94 | 1.73 | 181.77 |
| **TOTAL** | | **(30.17)** | | **57.86** |

## 31. EMPLOYEE BENEFITS EXPENSE

| | For the year ended March 31, 2022 | For the period March 04, 2020 To March 31, 2021 |
|---|---|---|
| Salaries and Wages (Previous year include corporate Expense allocation pertaining to pharma business transferred to the Company of Rs. 25.92 Crores). | 368.90 | 346.43 |
| Contribution to Provident and Other Funds (Refer Note 37) | 16.97 | 15.06 |
| Gratuity Expenses (Refer Note 37) | 3.67 | 5.54 |
| Staff Welfare | 35.76 | 28.12 |
| **TOTAL** | **425.30** | **395.15** |

## 32. FINANCE COSTS

| | For the year ended March 31, 2022 | For the period March 04, 2020 To March 31, 2021 |
|---|---|---|
| Finance Charge on financial liabilities measured at amortised cost | 53.36 | 4.71 |
| Other borrowing costs | 0.19 | - |
| **TOTAL** | **53.55** | **4.71** |

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**Notes to Statement of Profit and Loss for the year ended March 31, 2022**

| 33. OTHER EXPENSES | | For the year ended March 31, 2022 Rs. in Crores | | For the period March 04, 2020 To March 31, 2021 Rs. in Crores |
|---|---|---|---|---|
| Processing Charges | | 8.94 | | 8.58 |
| Consumption of Stores and Spares Parts | | 53.97 | | 47.50 |
| Consumption of Laboratory materials | | 48.56 | | 44.83 |
| Power, Fuel and Water Charges | | 68.97 | | 68.08 |
| Repairs and Maintenance | | | | |
| Buildings | 26.63 | | 16.71 | |
| Plant and Machinery | 38.97 | | 33.79 | |
| Others | 0.32 | 65.92 | 0.04 | 50.54 |
| Rent | | | | |
| Premises | 0.41 | | 4.90 | |
| Other Assets | 9.20 | 9.61 | 6.10 | 11.00 |
| Rates & Taxes | | 40.09 | | 15.57 |
| Insurance | | 17.37 | | 13.02 |
| Travelling Expenses | | 19.75 | | 15.40 |
| Directors' Commission | | 0.72 | | 0.45 |
| Directors' Sitting Fees | | 0.28 | | 0.03 |
| Expected Credit Loss on Trade Receivables | | 2.64 | | 10.57 |
| Loss due to fire | | - | | 5.74 |
| Loss on Sale of Property Plant & Equipment (Net) | | 0.91 | | - |
| Advertisement and Business Promotion Expenses | | 122.94 | | 85.53 |
| Donations | | 8.63 | | 1.49 |
| Freight | | 52.50 | | 42.10 |
| Export Expenses | | 1.18 | | 2.25 |
| Clearing and Forwarding Expenses | | 0.25 | | 5.74 |
| Communication and Postage | | 4.93 | | 5.96 |
| Printing and Stationery | | 4.80 | | 4.56 |
| Claims | | - | | 3.99 |
| Legal Charges | | 1.78 | | 1.70 |
| Professional Charges | | 36.70 | | 29.18 |
| Royalty Expense | | 15.20 | | 26.26 |
| Service Charges (Previous year include corporate Expense allocation pertaining to pharma business transferred to the Company Rs. 27.43 Crores) | | 94.83 | | 101.29 |
| Information Technology Costs | | 19.76 | | 7.05 |
| R & D Expenses (net) | | 61.94 | | 69.14 |
| Miscellaneous Expenses | | 25.97 | | 19.41 |
| **TOTAL** | | **789.14** | | **696.96** |

Note:
Details in respect of Corporate Social Responsibility Expenditure:
- Gross amount required to be spent during the year - Rs.6.02 Crores (Previous year: Rs. Nil )
- Amount of expenditure incurred Rs.6.30 Crores (Previous year: - Rs. Nil )
- Shortfall at the end of the year Rs.Nil (Previous year: - Nil)
- Total of previous years shortfall Rs.Nil (Previous year :Nil)
- Reason for shortfall - Not Appicable
- Nature of CSR activities - Education programme in Districts of Jharkhand, Chhattisgarh, Uttarakhand, Odisha, Andhra Pradesh, Karnataka, Kerela,Tamil Nadu and Telangana.
- Details of related party transactions - Nil
- Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately. - Not Applicable

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Piramal Pharma Limited
Notes to Statement of Profit and Loss for the year ended March 31, 2022

| | For the year ended March 31, 2022 Rs. in Crores | For the period March 04, 2020 To March 31, 2021 Rs. in Crores |
|---|---|---|
| **34. Exceptional Items** | | |
| Transaction cost related to acquisition of Subsidiary | (12.47) | - |
| Write off of certain property plant and equipment and intangible assets under development pertaining to Mumbai R & D center | - | (37.43) |
| Mark to market gains on forward contracts taken against the inflow from equity investment from Carlyle | - | 100.85 |
| Certain transaction cost related to business combination (refer note 51) | - | (45.19) |
| TOTAL | (12.47) | 18.23 |
| **35. OTHER COMPREHENSIVE INCOME / (LOSS) (NET OF TAXES)** | | |
| Remeasurement of post-employment benefit obligations | 0.29 | (2.46) |
| Deferred gains on cash flow hedge | 6.48 | 5.73 |
| TOTAL | 6.77 | 3.27 |

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## 36 Contingent Liabilities and Commitments

| | As at March 31, 2022 Rs. in Crores | As at March 31, 2021 Rs. in Crores |
|---|---|---|
| **A Contingent Liabilities :** | | |
| i. Appeals filed in respect of disputed demands: | | |
| Sales Tax | 1.06 | 1.06 |
| Central / State Excise / Service Tax / Custom | 23.76 | 13.38 |
| Labour Matters | 1.56 | 1.10 |
| Stamp Duty | - | 9.37 |
| Claim by third party against the company not acknowledge as debt | 11.86 | 3.00 |
| Note: Future cash outflows in respect of above are determinable only on receipt of judgments/decisions pending with various forums/authorities. | | |
| ii. Unexpired Letters of Credit | 2.36 | 0.28 |
| **B Commitments :** | | |
| a. Estimated amount of contracts remaining to be executed on capital account and not provided for | 32.99 | 34.07 |
| b. The Company has imported raw materials at concessional rates, under the Advance License Scheme of the Government of India, to fulfil conditions related to quantified exports in stipulated period | 28.38 | 12.96 |

Refer note 38.3 for performance guarantees

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## 37 Employee Benefits :

Brief description of the Plans:

Other Long Term Employee Benefit Obligations:

Leave Encashment, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

Defined Contribution plans:

The Company's defined contribution plans are Provident Fund (in case of certain employees), Superannuation, Employees State Insurance Fund and Employees' Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions to such plans.

Post-employment benefit plans:

Gratuity for employees in India is as per 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 the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

The Company's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Company funds the plan on a periodical basis.

In case of certain employees, Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety, etc., within the overall ambit of the Provident Fund Trust Rules and investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, equity, mutual funds and other debt instruments.

**Interest risk**

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Longevity risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The gratuity plan is a funded plan and the Company makes contributions to trust administered by the Company. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The contributions made to the trust are recognised as plan assets. Plan assets in the Provident fund trust are governed by local regulations, including limits on contributions in each class of investments.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations, with the objective that assets of the gratuity / provident fund obligations match the benefit payments as they fall due. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets consists of government and corporate bonds, although the Company also invests in equities, cash and mutual funds. The plan asset mix is in compliance with the requirements of the regulations in case of Provident fund.

I. Charge to the Statement of Profit and Loss based on Defined Contribution Plans:

(Rs. in Crores)

| Particulars | For the year ended<br>March 31, 2022 | For the period<br>March 4, 2020 to March 31, 2021 |
|---|---|---|
| Employer's contribution to Regional Provident Fund Office | 1.64 | 0.79 |
| Employer's contribution to Superannuation Fund | 0.20 | 0.08 |
| Employer's contribution to Employees' State Insurance | 0.42 | 0.21 |
| Employer's contribution to Employees' Pension Scheme 1995 | 4.85 | 2.24 |
| Employer's contribution to National Pension Scheme | 0.75 | 0.32 |

Included in Contribution to Provident and Other Funds and R&D Expenses (Refer Note 31 & 33)
the amounts mentioned above excludes charge to Statement of Profit and Loss on account of common control acquisition.

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II. Disclosures for defined benefit plans based on actuarial valuation reports:

**A. Change in Defined Benefit Obligation**

(Rs. in Crores)

| Particulars | (Funded) | | (Funded) | |
|---|---|---|---|---|
| | Gratuity | Provident Fund | Gratuity | Provident Fund |
| | Year Ended March 31, 2022 | | Period Ended March 31, 2021 | |
| Present Value of Defined Benefit Obligation as at beginning of the period | 51.28 | 12.99 | - | - |
| Interest Cost | 3.33 | 5.23 | 1.41 | 0.23 |
| Current Service Cost | 4.27 | 10.15 | 1.02 | 4.72 |
| Past Contributions from employer | | | - | - |
| Contributions from plan participants | - | 16.81 | - | 8.14 |
| Liability Transferred In for Employees Joined | - | 118.82 | 46.63 | - |
| Benefits Paid from the fund | (5.36) | (0.88) | - | - |
| Return on Plan Assets, Excluding Interest Income | - | 6.89 | | |
| Actuarial (Gains)/loss - due to change in Demographic Assumptions | - | - | (0.39) | - |
| Actuarial (Gains)/loss - due to change in Financial Assumptions | (1.34) | - | 0.22 | - |
| Actuarial (Gains)/loss - due to experience adjustments | 0.62 | - | 2.39 | (0.10) |
| **Present Value of Defined Benefit Obligation as at the end of the period** | **52.80** | **170.01** | **51.28** | **12.99** |

**B. Changes in the Fair Value of Plan Assets**

(Rs. in Crores)

| Particulars | (Funded) | | (Funded) | |
|---|---|---|---|---|
| | Gratuity | Provident Fund | Gratuity | Provident Fund |
| | Year Ended March 31, 2022 | | Period Ended March 31, 2021 | |
| Fair Value of Plan Assets as at beginning of the period | 46.98 | 12.99 | - | - |
| Interest Income | 3.05 | 5.23 | 1.41 | 0.23 |
| Contributions from employer | - | 26.96 | - | 12.86 |
| Contributions from plan participants | | | - | - |
| Assets Transferred In for Employees joined | - | 118.82 | 46.63 | - |
| Assets Transferred out for Employees left | | | - | - |
| Benefits Paid from the fund | (5.36) | (0.88) | - | - |
| Return on Plan Assets, Excluding Interest Income | (0.33) | 6.89 | (1.06) | (0.10) |
| **Fair Value of Plan Assets as at the end of the period** | **44.34** | **170.01** | **46.98** | **12.99** |

**C. Amount recognised in the Balance Sheet**

(Rs. in Crores)

| Particulars | (Funded) | | (Funded) | |
|---|---|---|---|---|
| | Gratuity | Provident Fund | Gratuity | Provident Fund |
| | Year Ended March 31, 2022 | | Period Ended March 31, 2021 | |
| Present Value of Defined Benefit Obligation as at the end of the period | 52.80 | 170.01 | 51.28 | 12.99 |
| Fair Value of Plan Assets as at end of the period | 44.34 | 170.01 | 46.98 | 12.99 |
| **Net Liability recognised in the Balance Sheet (Refer Note 19)** | **8.46** | - | **4.30** | - |
| **Recognised under:** | | | | |
| **Non Current provision (Refer Note 19)** | **8.46** | - | **4.30** | - |

The Provident Fund has a surplus that is not recognised on the basis that future economic benefits are not available to the Company in the form of a reduction in future contributions or a cash refund due to local regulations.

The Company has no legal obligation to settle the deficit in the funded plan (Gratuity), if any, with an immediate contribution or additional one off contributions.

**D. Expenses recognised in Statement of Profit and Loss**

(Rs. in Crores)

| Particulars | (Funded) | | (Funded) | |
|---|---|---|---|---|
| | Gratuity | Provident Fund | Gratuity | Provident Fund |
| | Year Ended March 31, 2022 | | Period Ended March 31, 2021 | |
| Current Service Cost | 4.27 | 10.15 | 1.02 | 4.72 |
| Net interest Cost | 0.28 | - | - | - |
| **Total Expenses / (Income) recognised in the Statement of Profit And Loss*** | **4.55** | **10.15** | **1.02** | **4.72** |

*Included in Salaries and Wages, Contribution to Provident and Other Funds, Gratuity Fund and R&D Expenses (Refer Note 31 and 33). The previous year however does not include charge on account of common control acquisition (refer note 51).

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**Notes to financial statements for the year ended March 31, 2022**

**E. Expenses Recognized in the Other Comprehensive Income/(Losses) (OCI)**

(Rs. in Crores)

| Particulars | Gratuity | Gratuity |
|---|---|---|
| | Year Ended March 31, 2022 | Period Ended March 31, 2021 |
| Actuarial (Gains)/Losses on Obligation for the Period - Due to changes in demographic assumptions | - | (0.39) |
| Actuarial (Gains)/Losses on Obligation for the Period - Due to changes in financial assumptions | (1.34) | 0.22 |
| Actuarial (Gains)/Losses on Obligation for the Period - Due to experience adjustment | 0.62 | 2.39 |
| Return on Plan Assets, Excluding Interest Income | 0.33 | 1.06 |
| **Net (Income)/Loss Recognized in OCI** | **(0.39)** | **3.28** |

**F. Significant Actuarial Assumptions:**

(%)

| Particulars | (Funded) | | (Funded) | |
|---|---|---|---|---|
| | Gratuity | Provident Fund | Gratuity | Provident Fund |
| | Year Ended March 31, 2022 | | Period Ended March 31, 2021 | |
| Discount Rate (per annum) | 6.84 | 6.84 | 6.49 | 6.49 |
| Expected Rate of return on Plan Assets (per annum) | 6.84 | 8.10 | 6.49 | 6.49 |
| Salary escalation rate | 9.50% for the next 1 year, 7.00% for the next 2 years, starting from the 2nd year 6.00% thereafter, starting from the 4th year | N.A. | 9% for 3 years then 6% | N.A |

The expected rate of return on plan assets is based on market expectations at the closing of the period. The rate of return on long-term government bonds is taken as reference for this purpose.

In case of certain employees, the Provident Fund contribution is made to a Trust administered by the Company. In terms of the Guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident fund liability based on the assumptions listed above and determined that there is no shortfall at the end of each reporting period.

**G. Movements in the present value of net defined benefit obligation are as follows:**

(Rs. in Crores)

| Particulars | Gratuity | Gratuity |
|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 |
| Opening Net Liability | 4.30 | - |
| Expenses Recognized in Statement of Profit or Loss | 4.55 | 1.02 |
| Expenses Recognized in OCI | (0.39) | 3.28 |
| **Net Liability Recognized in the Balance Sheet** | **8.46** | **4.30** |

**H. Category of Assets**

(Rs. in Crores)

| Particulars | Gratuity | Provident Fund | Gratuity | Provident Fund |
|---|---|---|---|---|
| | As at March 31, 2022 | | As at March 31, 2021 | |
| Government of India Assets (Central & State) | 18.05 | 79.76 | 21.43 | 5.96 |
| Public Sector Unit Bonds | - | | - | - |
| Corporate Bonds | 14.74 | 64.67 | 17.82 | 4.07 |
| Fixed Deposits under Special Deposit Schemes of Central Government* | 7.23 | - | 2.81 | - |
| Equity Shares of Listed Entities / Mutual Funds | 4.32 | 6.25 | 4.92 | 0.55 |
| Others* | - | 19.33 | - | 2.41 |
| **Total** | **44.34** | **170.01** | **46.98** | **12.99** |

* Except these, all the other investments are quoted.

**I. Other Details**

| Particulars | Gratuity | Gratuity |
|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 |
| No of Active Members | 3,598 | 3,505 |
| Per Month Salary For Active Members (Rs. in Crores) | 11.20 | 10.07 |
| Average Expected Future Service (Years) | 7.00 | 7.00 |
| Projected Benefit Obligation (PBO) (Rs. in Crores) | 52.81 | 51.28 |
| Prescribed Contribution For Next Year (12 Months) (Rs. in Crores) | 11.20 | 8.57 |

**PIRAMAL PHARMA LIMITED**
**Notes to financial statements for the year ended March 31, 2022**

**J. Cash Flow Projection: From the Fund**

(Rs. in Crores)

| Projected Benefits Payable in Future Years From the Date of Reporting | Gratuity | Gratuity |
|---|---|---|
| | **Estimated for year ended March 31, 2022** | **Estimated for period ended March 31, 2021** |
| 1st Following Year | 5.62 | 5.78 |
| 2nd Following Year | 4.40 | 3.77 |
| 3rd Following Year | 5.40 | 4.66 |
| 4th Following Year | 6.11 | 5.03 |
| 5th Following Year | 5.55 | 5.72 |
| Sum of Years 6 To 10 | 27.07 | 25.45 |

The Company's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Company funds the plan on a periodical basis.

In case of certain employees, Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety, etc., within the overall ambit of the Provident Fund Trust Rules and investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

Weighted average duration of the defined benefit obligation is 8 years.

**K. Sensitivity Analysis**

(Rs. in Crores)

| Projected Benefit Obligation | Gratuity | Gratuity |
|---|---|---|
| | **As at March 31, 2022** | **As at March 31, 2021** |
| Impact of +1% Change in Rate of Discounting | (2.95) | (3.38) |
| Impact of -1% Change in Rate of Discounting | 3.29 | 3.35 |
| Impact of +1% Change in Rate of Salary Increase | 3.27 | 3.36 |
| Impact of -1% Change in Rate of Salary Increase | (2.98) | (3.00) |
| Impact of +1% Change in Rate of Employee Turnover | 0.06 | (0.05) |
| Impact of -1% Change in Rate of Employee Turnover | (0.08) | 0.04 |

The above sensitivity analysis are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method

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

The liability for Leave Encashment (Non – Funded) as at March 31,2022 is Rs. 32.04 Crores.(Previous year Rs. 30.39 crores)

The liability for Long term Service Awards (Non – Funded) as at March 31,2022 is Rs. 2.72 Crores.(Previous year Rs. 2.76 crores)

PIRAMAL PHARMA LIMITED
Notes to financial statements for the year ended March 31, 2022

**38 Related Party Disclosures**

**1. List of related parties**

**A. Holding Company**
Piramal Enterprises Limited (PEL)

**B. Fellow Subsidiaries ***
PHL Fininvest Private Limited
Piramal Asset Management Private Limited
Piramal Capital & Housing Finance Limited
Piramal Holdings (Suisse) SA

**C. Subsidiaries**
The Subsidiary companies including step down subsidiaries as on March 31, 2022

| Name of the Company | Principal Place of Business | Proportion of Ownership interest held as at March 31, 2022 | Proportion of Ownership interest held as at March 31, 2021 |
|---|---|---|---|
| Piramal Critical Care Italia, S.P.A** | Italy | 100% | 100% |
| Piramal Critical Care Deutschland GmbH** | Germany | 100% | 100% |
| Piramal Critical Care Limited ** | U.K. | 100% | 100% |
| Piramal Healthcare (Canada) Limited ** (Piramal Healthcare, Canada) | Canada | 100% | 100% |
| Piramal Critical Care B.V. ** | Netherlands | 100% | 100% |
| Piramal Pharma Solutions B.V. ** | Netherlands | 100% | 100% |
| Piramal Critical Care Pty. Ltd. ** | Australia | 100% | 100% |
| Piramal Healthcare UK Limited ** (Piramal Healthcare UK) | U.K. | 100% | 100% |
| Piramal Healthcare Pension Trustees Limited** | U.K. | 100% | 100% |
| Piramal Critical Care South Africa (Pty) Ltd ** | South Africa | 100% | 100% |
| Piramal Dutch Holdings N.V. | Netherlands | 100% | 100% |
| Piramal Healthcare Inc. @ | U.S.A | 100% | 100% |
| Piramal Critical Care, Inc. ** (PCCI) | U.S.A | 100% | 100% |
| Piramal Pharma Inc.** | U.S.A | 100% | 100% |
| Piramal Pharma Solutions Inc.** (Piramal Pharma Solutions) | U.S.A | 100% | 100% |
| PEL Pharma Inc.@ | U.S.A | 100% | 100% |
| PEL Healthcare LLC** (w.e.f June 26, 2020) | U.S.A | 100% | 100% |
| Ash Stevens LLC ** (Ash Stevens) | U.S.A | 100% | 100% |
| Convergence Chemicals Private Limited (Convergence) (w.e.f. February 25, 2021) | India | 100% | 100% |
| Hemmo Pharmaceuticals Private Limited (w.e.f June 22, 2021) | India | 100% | NA |
| Piramal Pharma Japan GK (w.e.f November 21, 2021)** | Japan | 100% | NA |

** held through Piramal Dutch Holdings N.V.

@ 10% held through PPL and 90% held through Piramal Dutch Holdings N.V.

**C. Associates**

| Name of the Entity | Principal Place of business | % voting power held as at March 31, 2022 | % voting power held as at March 31, 2021 |
|---|---|---|---|
| Allergan India Private Limited (Allergan) | India | 49.00% | 49.00% |
| Yapan Bio Private Limited (Yapan) (w.e.f. December 20, 2021) | India | 27.78% | NA |

**D. Other related parties ***

Entities Controlled by Key Management Personnel :
Piramal Corporate Services Private Limited (PCSL)
Piramal Glass Limited (PGL)
PGP Glass Private Limited (w.e.f. March 30, 2021)

Employee Benefit Trusts :
Piramal Pharma Ltd Employees PF trust (PPFT)

**E. Key Management Personnel (KMP)**
Mr. Peter De Young
Ms. Nandini Piramal
Mr. Vivek Valsaraj (w.e.f February 9, 2022)

**F. Non Executive/Independent Directors**
Mr. S. Ramadorai
Mr. Sridhar Gorthi (w.e.f March 30, 2022)
Mr. Jairaj Manohar Purandare
Mr. Neeraj Bharadwaj
Mr. Peter Andrew Stevenson (w.e.f March 30, 2022)
Mr. Rajesh Laddha (upto February 10, 2022)

* where there are transactions during the current period or previous period

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**2. Details of transactions with related parties.**

(Rs. in Crores)

| Details of Transactions | Holding Company | | Fellow Subsidiaries | | Subsidiaries | | Joint Venture | | Associates | | Other Related Parties | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Purchase of Goods** | | | | | | | | | | | | | | |
| - PGL | - | - | - | - | - | - | - | - | - | - | - | 4.65 | - | 4.65 |
| - PCCI | - | - | - | - | 17.46 | 21.60 | - | - | - | - | - | - | 17.46 | 21.60 |
| - Piramal Healthcare UK | - | - | - | - | 0.49 | (0.09) | - | - | - | - | - | - | 0.49 | (0.09) |
| - Hemmo Pharmaceuticals Private Limited | - | - | - | - | * | - | - | - | - | - | - | - | * | - |
| - Piramal Healthcare, Canada | - | - | - | - | - | 0.04 | - | - | - | - | - | - | - | 0.04 |
| - PEL | - | 49.80 | - | - | - | - | - | - | - | - | - | - | - | 49.80 |
| **TOTAL** | **-** | **49.80** | **-** | **-** | **17.95** | **21.55** | **-** | **-** | **-** | **-** | **-** | **4.65** | **17.95** | **76.00** |
| **Sale of Goods** | | | | | | | | | | | | | | |
| - Allergan | - | - | - | - | - | - | - | - | 66.06 | 60.22 | - | - | 66.06 | 60.22 |
| - Piramal Healthcare UK | - | - | - | - | 17.52 | 15.73 | - | - | - | - | - | - | 17.52 | 15.73 |
| - PCCI | - | - | - | - | 90.00 | 103.14 | - | - | - | - | - | - | 90.00 | 103.14 |
| - Piramal Healthcare, Canada | - | - | - | - | 2.22 | 14.23 | - | - | - | - | - | - | 2.22 | 14.23 |
| - Piramal Critical Care Limited | - | - | - | - | 3.71 | 1.90 | - | - | - | - | - | - | 3.71 | 1.90 |
| - Piramal Critical Care BV | - | - | - | - | 16.07 | 17.60 | - | - | - | - | - | - | 16.07 | 17.60 |
| - Ash Stevens | - | - | - | - | 0.95 | 0.45 | - | - | - | - | - | - | 0.95 | 0.45 |
| - PEL | 925.96 | 373.27 | - | - | - | - | - | - | - | - | - | - | 925.96 | 373.27 |
| **TOTAL** | **925.96** | **373.27** | **-** | **-** | **130.47** | **153.05** | **-** | **-** | **66.06** | **60.22** | **-** | **-** | **1,122.49** | **586.54** |
| **Rendering of Services** | | | | | | | | | | | | | | |
| - Piramal Healthcare UK | - | - | - | - | - | 32.18 | - | - | - | - | - | - | - | 32.18 |
| - PHL Fininvest | - | - | 0.60 | - | - | - | - | - | - | - | - | - | 0.60 | - |
| - Piramal Asset Management Private Limited | - | - | 0.13 | - | - | - | - | - | - | - | - | - | 0.13 | - |
| - Piramal Capital & Housing Finance Limited | - | - | 0.17 | - | - | - | - | - | - | - | - | - | 0.17 | - |
| - PGP Glass Private Limited | - | - | - | - | - | - | - | - | - | - | 0.05 | - | 0.05 | - |
| - Piramal Healthcare, Canada | - | - | - | - | 3.32 | - | - | - | - | - | - | - | 3.32 | - |
| - Ash Stevens | - | - | - | - | 5.08 | 0.01 | - | - | - | - | - | - | 5.08 | 0.01 |
| **TOTAL** | **-** | **-** | **0.90** | **-** | **8.40** | **32.19** | **-** | **-** | **-** | **-** | **0.05** | **-** | **9.35** | **32.19** |
| **Dividend Received** | | | | | | | | | | | | | | |
| - Allergan | - | - | - | - | - | - | - | - | 90.65 | 124.54 | - | - | 90.65 | 124.54 |
| **TOTAL** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **90.65** | **124.54** | **-** | **-** | **90.65** | **124.54** |
| **Dividend Paid** | | | | | | | | | | | | | | |
| - Piramal Enterprises Limited | 39.94 | - | - | - | - | - | - | - | - | - | - | - | 39.94 | - |
| **TOTAL** | **39.94** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **39.94** | **-** |
| **Guarantee commission income** | | | | | | | | | | | | | | |
| - Piramal Healthcare UK | - | - | - | - | 0.51 | 0.47 | - | - | - | - | - | - | 0.51 | 0.47 |
| - Convergence | - | - | - | - | 0.09 | - | - | - | - | - | - | - | 0.09 | - |
| - Piramal Critical Care Limited | - | - | - | - | 0.27 | 0.01 | - | - | - | - | - | - | 0.27 | 0.01 |
| **TOTAL** | **-** | **-** | **-** | **-** | **0.87** | **0.48** | **-** | **-** | **-** | **-** | **-** | **-** | **0.87** | **0.48** |
| **Receiving of Services** | | | | | | | | | | | | | | |
| - Piramal Pharma Inc. | - | - | - | - | - | 9.95 | - | - | - | - | - | - | - | 9.95 |
| - Piramal Healthcare UK | - | - | - | - | 12.50 | 13.73 | - | - | - | - | - | - | 12.50 | 13.73 |
| - Hemmo Pharmaceuticals Private Limited | - | - | - | - | 0.04 | - | - | - | - | - | - | - | 0.04 | - |
| - Piramal Critical Care Inc | - | - | - | - | 1.28 | - | - | - | - | - | - | - | 1.28 | - |
| - Ash Stevens | - | - | - | - | 34.41 | 25.99 | - | - | - | - | - | - | 34.41 | 25.99 |
| - PEL | 56.87 | 24.90 | - | - | - | - | - | - | - | - | - | - | 56.87 | 24.90 |
| **TOTAL** | **56.87** | **24.90** | **-** | **-** | **48.23** | **49.67** | **-** | **-** | **-** | **-** | **-** | **-** | **105.10** | **74.57** |

| Details of Transactions | Holding company | | Fellow subsidiaries | | Subsidiaries | | Joint Venture | | Associates | | Other Related Parties | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Royalty Expense** | | | | | | | | | | | | | | |
| - PCSL | - | - | - | - | - | - | - | - | - | - | 17.07 | 5.09 | 17.07 | 5.09 |
| **TOTAL** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **17.07** | **5.09** | **17.07** | **5.09** |
| **Rent Income** | | | | | | | | | | | | | | |
| - PHL Fininvest | - | - | 2.53 | 1.55 | - | - | - | - | - | - | - | - | 2.53 | 1.55 |
| - Piramal Asset Management Private Limited | - | - | 0.26 | - | - | - | - | - | - | - | - | - | 0.26 | - |
| **TOTAL** | **-** | **-** | **2.79** | **1.55** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **2.79** | **1.55** |
| **Reimbursement of expenses paid** | | | | | | | | | | | | | | |
| - PEL | 81.03 | 43.70 | - | - | - | - | - | - | - | - | - | - | 81.03 | 43.70 |
| **TOTAL** | **81.03** | **43.70** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **81.03** | **43.70** |
| **Purchase of Intangible** | | | | | | | | | | | | | | |
| - Piramal Holdings (Suisse) SA | - | - | 0.62 | - | - | - | - | - | - | - | - | - | 0.62 | - |
| **TOTAL** | **-** | **-** | **0.62** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **0.62** | **-** |

| Details of Transactions | Holding company | | Fellow subsidiaries | | Subsidiaries | | Joint Venture | | Associates | | Other Related Parties | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Contribution to Funds** | | | | | | | | | | | | | | |
| - PPFT | - | - | - | - | - | - | - | - | - | - | 26.96 | - | 26.96 | - |
| **TOTAL** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **26.96** | **-** | **26.96** | **-** |
| **Sale of Assets** | | | | | | | | | | | | | | |
| - Hemmo Pharmaceuticals Private Limited | - | - | - | - | 1.41 | - | - | - | - | - | - | - | 1.41 | - |
| **TOTAL** | **-** | **-** | **-** | **-** | **1.41** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **1.41** | **-** |
| **Finance granted /(repayments) - Net (including loans and Equity contribution / Investments in cash or in kind)** | | | | | | | | | | | | | | |
| - Convergence | | - | - | - | (7.25) | 3.25 | - | (5.00) | - | - | - | - | (7.25) | (1.75) |
| - Piramal Dutch Holdings N.V. | | - | - | - | 70.94 | 598.23 | - | - | - | - | - | - | 70.94 | 598.23 |
| - Hemmo Pharmaceuticals Private Limited | | - | - | - | 20.99 | - | - | - | - | - | - | - | 20.99 | - |
| - PEL Pharma Inc. | | - | - | - | 91.41 | - | - | - | - | - | - | - | 91.41 | - |
| **TOTAL** | **-** | **-** | **-** | **-** | **176.10** | **601.48** | **-** | **(5.00)** | **-** | **-** | **-** | **-** | **176.10** | **596.48** |

| Details of Transactions | Holding company | | Fellow subsidiaries | | Subsidiaries | | Joint Venture | | Associates | | Other Related Parties | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Interest Paid on Loans** | | | | | | | | | | | | | | |
| - PEL | - | 0.07 | - | - | - | - | - | - | - | - | - | - | - | 0.07 |
| **TOTAL** | **-** | **0.07** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **0.07** |

| Details of Transactions | Holding company | | Fellow subsidiaries | | Subsidiaries | | Joint Venture | | Associates | | Other Related Parties | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Interest Received on Loans/Investments** | | | | | | | | | | | | | | |
| - Convergence | - | - | - | - | 1.74 | 0.17 | - | 0.60 | - | - | - | - | 1.74 | 0.77 |
| - Piramal Dutch Holdings N.V. | - | - | - | - | 24.66 | 17.59 | - | - | - | - | - | - | 24.66 | 17.59 |
| - PEL Pharma Inc | - | - | - | - | 0.16 | - | - | - | - | - | - | - | 0.16 | - |
| - Hemmo Pharmaceuticals Private Limited | - | - | - | - | 1.36 | - | - | - | - | - | - | - | 1.36 | - |
| **TOTAL** | **-** | **-** | **-** | **-** | **27.92** | **17.76** | **-** | **0.60** | **-** | **-** | **-** | **-** | **27.92** | **18.36** |

On October 04, 2021, the Company has issued 141,910,732 equity shares as bonus shares to Piramal Enterprises Limited.

Interest rates charged to subsidiaries are made at market rates comparable with prevailing rates in the respective geographies. All other transactions were made on normal commercial terms and conditions and at market rates.
* Amount below rounding off norms adopted by Company

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**PIRAMAL PHARMA LIMITED**
**Notes to financial statements for the year ended March 31, 2022**

**Compensation of key managerial personnel**
The remuneration of directors and other members of key managerial personnal during the period was as follows:

| Particulars | 2022 | 2021 |
|---|---|---|
| | | Rs. in crores |
| Short-term employee benefits | 8.46 | 1.00 |
| Post-employment benefits | 0.72 | 0.08 |
| Other long-term benefits | - | - |
| Commission and other benefits to non-executive/independent directors | 0.72 | 0.48 |
| **Total** | **9.90** | **1.56** |

Payments made to the directors and other members of key managerial personnel are approved by Board of Directors.

**3. Balances of related parties.**

Rs. in Crores

| Account Balances | Holding company | | Fellow subsidiaries | | Subsidiaries | | Joint Venture | | Associate | | Other related Parties | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Loans to related parties - Unsecured (at amortised cost)** | | | | | | | | | | | | | | |
| - Piramal Dutch Holdings N.V. | - | - | - | - | 717.38 | 606.94 | - | - | - | - | - | - | 717.38 | 606.94 |
| - PEL Pharma Inc. | - | - | - | - | 91.10 | - | - | - | - | - | - | - | 91.10 | - |
| - Hemmo Pharmaceuticals Private Limited | - | - | - | - | 20.99 | - | - | - | - | - | - | - | 20.99 | - |
| - Convergence | - | - | - | - | 9.50 | 17.47 | - | - | - | - | - | - | 9.50 | 17.47 |
| **TOTAL** | - | - | - | - | **838.97** | **624.41** | - | - | - | - | - | - | **838.97** | **624.41** |
| **Other receivable from related party** | | | | | | | | | | | | | | |
| - Piramal Healthcare UK | - | - | - | - | 0.09 | 0.36 | - | - | - | - | - | - | 0.09 | 0.36 |
| - Piramal Healthcare LLC | - | - | - | - | - | 1.07 | - | - | - | - | - | - | - | 1.07 |
| - PHL Fininvest Private Limited | - | - | - | 0.29 | - | - | - | - | - | - | - | - | - | 0.29 |
| - Piramal Asset Management Private Limited | - | - | 0.43 | - | - | - | - | - | - | - | - | - | 0.43 | - |
| - Piramal Capital & Housing Finance Limited | - | - | 0.20 | - | - | - | - | - | - | - | - | - | 0.20 | - |
| - PGP Glass Private Limited | - | - | - | - | - | - | - | - | - | - | 0.06 | - | 0.06 | - |
| - PEL | 11.67 | 39.92 | - | - | - | - | - | - | - | - | - | - | 11.67 | 39.92 |
| **TOTAL** | **11.67** | **39.92** | **0.63** | **0.29** | **0.09** | **1.43** | - | - | - | - | **0.06** | - | **12.45** | **41.64** |
| **Trade Receivables** | | | | | | | | | | | | | | |
| - Piramal Healthcare UK | - | - | - | - | 35.52 | 46.51 | - | - | - | - | - | - | 35.52 | 46.51 |
| - PCCI | - | - | - | - | 8.65 | 8.58 | - | - | - | - | - | - | 8.65 | 8.58 |
| - Piramal Critical Care Limited | - | - | - | - | - | 22.00 | - | - | - | - | - | - | - | 22.09 |
| - Piramal Critical Care BV | - | - | - | - | 0.85 | 22.08 | - | - | - | - | - | - | 0.85 | 22.08 |
| - Piramal Healthcare, Canada | - | - | - | - | 2.63 | 0.36 | - | - | - | - | - | - | 2.63 | 0.36 |
| - PEL | 341.69 | 214.88 | - | - | - | - | - | - | - | - | - | - | 341.69 | 214.88 |
| - Allergan | - | - | - | - | - | - | - | - | 10.15 | 13.40 | - | - | 10.15 | 13.40 |
| **TOTAL** | **341.69** | **214.88** | - | - | **47.65** | **99.62** | - | - | **10.15** | **13.40** | - | - | **399.49** | **327.90** |
| **Advance to Vendor** | | | | | | | | | | | | | | |
| - PCC Inc. | - | - | - | - | - | 3.80 | - | - | - | - | - | - | - | 3.80 |
| **TOTAL** | - | - | - | - | - | **3.80** | - | - | - | - | - | - | - | **3.80** |
| **Trade Payable** | | | | | | | | | | | | | | |
| - Piramal Pharma Inc. | - | - | - | - | 0.18 | 0.17 | - | - | - | - | - | - | 0.18 | 0.17 |
| - Piramal Healthcare UK | - | - | - | - | 5.55 | 1.28 | - | - | - | - | - | - | 5.55 | 1.28 |
| - PCCI | - | - | - | - | 19.45 | 12.32 | - | - | - | - | - | - | 19.45 | 12.32 |
| - PCSL | - | - | - | - | - | - | - | - | - | - | 7.10 | - | 7.10 | - |
| - Piramal Critical Care BV | - | - | - | - | 0.98 | - | - | - | - | - | - | - | 0.98 | - |
| - PGL | - | - | - | - | - | - | - | - | - | - | - | (0.06) | - | (0.06) |
| - Piramal Pharma Solutions Inc. | - | - | - | - | 0.04 | 0.04 | - | - | - | - | - | - | 0.04 | 0.04 |
| - Piramal Healthcare Inc. | - | - | - | - | 0.02 | - | - | - | - | - | - | - | 0.02 | - |
| - PEL Pharma Inc. | - | - | - | - | * | - | - | - | - | - | - | - | * | - |
| - PEL | 76.11 | 128.24 | - | - | - | - | - | - | - | - | - | - | 76.11 | 128.24 |
| - Ash Stevens | - | - | - | - | 6.99 | 8.21 | - | - | - | - | - | - | 6.99 | 8.21 |
| **TOTAL** | **76.11** | **128.24** | - | - | **33.21** | **22.02** | - | - | - | - | **7.10** | **(0.06)** | **116.42** | **150.20** |
| **Guarantee Commission Receivable** | | | | | | | | | | | | | | |
| - Piramal Healthcare UK | - | - | - | - | 0.20 | 0.31 | - | - | - | - | - | - | 0.20 | 0.31 |
| - Convergence | - | - | - | - | 0.01 | - | - | - | - | - | - | - | 0.01 | - |
| - Piramal Critical Care Limited | - | - | - | - | 0.17 | 0.01 | - | - | - | - | - | - | 0.17 | 0.01 |
| **TOTAL** | - | - | - | - | **0.38** | **0.32** | - | - | - | - | - | - | **0.38** | **0.32** |
| **Contingent Liabilities** | | | | | | | | | | | | | | |
| **Guarantees Outstanding** | | | | | | | | | | | | | | |
| - Piramal Healthcare UK | - | - | - | - | 454.79 | 438.69 | - | - | - | - | - | - | 454.79 | 438.69 |
| - Piramal Critical Care Limited | - | - | - | - | 54.20 | - | - | - | - | - | - | - | 54.20 | - |
| **TOTAL** | - | - | - | - | **508.99** | **438.69** | - | - | - | - | - | - | **508.99** | **438.69** |
| **Consideration Payable on account of Business Transfer (refer note 15 and note 51)** | | | | | | | | | | | | | | |
| - PEL | - | 592.00 | - | - | - | - | - | - | - | - | - | - | - | 592.00 |
| **TOTAL** | - | **592.00** | - | - | - | - | - | - | - | - | - | - | - | **592.00** |

* Amount below rounding off norms adopted by Company

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**39** In accordance with Ind AS 108 'Operating Segments', segment information has been given in the consolidated financial statements of the Company, which are presented in the same Annual Report and therefore, no separate disclosure on segment information is given in these financial statements.

**40** Plant & Equipment, Brands and Trademarks, and Current Assets are mortgaged/hypothecated to the extent of Rs. 1,290.00 Crores (As on March 31, 2021 Rs. 90.02 Crores) as a security against secured borrowings as at March 31, 2022.

**41**

(Rs. in Crores)

| Particulars | For the year ended | For the year ended |
|---|---|---|
| | March 31, 2022 | March 31, 2021 |
| **Miscellaneous Expenses in Note 33 includes Auditors' Remuneration in respect of:** | | |
| **A) Statutory Auditors:** | | |
| a) Audit Fees | 0.80 | 0.45 |
| b) Other Services | 0.57 | * |
| C) Out of Pocket Expenses | - | 0.02 |

* Amounts are below the rounding off norm adopted by the Company.

**42** Disclosures as required by the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") are as under:

(Rs. in Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Principal amount outstanding to suppliers registered under the MSMED act and remaining unpaid as at period end | 47.65 | 26.61 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at period end. | 0.04 | 10.09 |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the period. | 157.47 | 180.57 |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period. | - | - |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period. | - | - |
| Interest due and payable towards suppliers registered under MSMED Act, for Payments already made | 1.62 | 1.38 |
| The amount of interest accrued and remaining unpaid at the end of accounting year | 5.26 | 8.72 |

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

**43** The Company has advanced loans to its subsidiary companies.

Principal amounts outstanding as at the period end were:

(Rs. in Crores)

| Subsidiary Companies | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Piramal Dutch Holdings N.V. (revalued at closing foreign exchange rate) | 684.64 | 591.87 |
| Convergence Chemicals Private Limited | 9.50 | 16.75 |
| Hemmo Pharmaceuticals Private Limited | 20.99 | - |
| PEL Pharma Inc (revalued at closing foreign exchange rate) | 90.96 | - |

The maximum amounts due during the period were:

(Rs. in Crores)

| Subsidiary Companies | For the year ended | For the period |
|---|---|---|
| | 31/03/2022 | March 04,2020 to March 31, 2021 |
| Piramal Dutch Holdings N.V. | 684.64 | 598.23 |
| Convergence Chemicals Private Limited | 16.75 | 16.75 |
| Hemmo Pharmaceuticals Private Limited | 35.00 | - |
| PEL Pharma Inc | 91.41 | - |

**44** Earnings Per Share (EPS) – EPS is calculated by dividing the profit/ (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. The earnings and weighted average numbers of equity shares used in calculating basic and diluted earnings per equity share are as follows:

| Particulars | For the year ended | For the period |
|---|---|---|
| | 31/03/2022 | 04/03/2020 to 31/03/2021 |
| 1. Profit/ (Loss) after tax (Rs. in Crores) | 343.05 | 571.50 |
| 2. Weighted Average Number of Equity Shares for calculating Basic EPS (nos.) | 1,17,88,85,044 | 62,76,19,257 |
| 3. Total Weighted Average Number of Equity Shares for calculating Diluted EPS (nos.) | 1,17,88,85,044 | 62,76,19,257 |
| 4. Earnings Per Share - Basic attributable to Equity Shareholders (Rs.) (1/2) | 2.91 | 9.11 |
| 5. Earnings Per Share - Diluted attributable to Equity Shareholders (Rs.) | 2.91 | 9.11 |
| 6. Face value per share (Rs.) | 10.00 | 10.00 |

17,76,65,757 equity shares were issued as bonus shares on October 04, 2021 to the existing shareholders in the ratio 5.674:1 and bonus shares have been considered for computation of total weighted average number of equity shares to determine the basic and diluted earnings per share as per INDAS 33.

EPS for previous period has been restated on account of issuance of bonus shares issued in current year in accordance with IND AS 33.

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## 45 (i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

**Right-of-use assets**
**Movement during year ended March 31, 2022**

(Rs. in crores)

| Category of Asset | Opening as on April 1, 2021 | Additions during 2021-22 | Deductions during 2021-22 | Depreciation for the year ended March 31,2022 | Closing as on March 31, 2022 |
|---|---|---|---|---|---|
| Building | 8.18 | 3.90 | 0.93 | 2.59 | 8.56 |
| Leasehold Land | 5.27 | - | - | 0.07 | 5.20 |
| **Total** | **13.45** | **3.90** | **0.93** | **2.66** | **13.76** |

Lease liabilities as on March 31, 2022 9.85

**Right-of-use assets**
**Movement during year ended March 31, 2021**

(Rs. in crores)

| Category of Asset | Balance acquired as at March 04, 2020 | Additions during period March 04, 2020 To March 31, 2021 | Deductions during period March 04, 2020 To March 31, 2021 | Depreciation for the period March 04, 2020 To March 31, 2021 | Closing as on March 31, 2021 |
|---|---|---|---|---|---|
| Building | 0.98 | 8.26 | - | 1.06 | 8.18 |
| Leasehold Land | 5.20 | 0.14 | - | 0.07 | 5.27 |
| **Total** | **6.18** | **8.40** | **-** | **1.13** | **13.45** |

Lease liabilities as on March 31, 2021 9.06

### (ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases

(Rs. in crores)

| Particulars | For the year ended March 31, 2022 | For the period ended March 31, 2021 |
|---|---|---|
| Interest expense on lease liabilities (included in finance cost) | 0.90 | 0.42 |
| Expense relating to short-term leases (included in Other Expenses) | 9.61 | 11.00 |

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2021 is 8.91%.

The bifurcation below provides details regarding the contractual maturities of lease liabilities as of March 31, 2022 and March 31, 2021 on an undiscounted basis:

(Rs. in crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| 1 year | 3.09 | 2.58 |
| 1-3 years | 6.02 | 5.06 |
| 3-5 years | 2.41 | 3.26 |
| More than 5 years | 0.19 | - |

## 46 Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in note 17 & 21 offset by cash and bank balances) and total equity of the Company.

The Company determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through non convertible debt securities or other long-term / short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The capital components of the Company are as given below:

(Rs. in Crores)

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Equity | 5,067.34 | 4,100.62 |
| **Total Equity** | **5,067.34** | **4,100.62** |
| Borrowings - Non Current | 447.61 | - |
| Borrowings - Current | 653.92 | 165.20 |
| **Total Debt** | **1,101.53** | **165.20** |
| Cash & Cash equivalents | (84.65) | (146.73) |
| **Net Debt** | **1,016.88** | **18.47** |
| **Debt/Equity Ratio** | **0.20** | **0.00** |

The terms of the secured borrowings contain certain financial covenants primarily requiring the Company to maintain certain financial ratios like Consolidated Net Debt to Consolidated Net Worth, Consolidated Net Debt to Consolidated EBITDA, Debt Service Coverage Ratio at Standalone level, Security Cover ratio. The Company is broadly in compliance with the said covenants.

## 47 Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk.
The Company has an independent and dedicated Enterprise Risk Management (ERM) system to identify, manage and mitigate business risks.
The Senior Management along with a centralized treasury manages the liquidity and interest rate risk on the balance sheet.

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

| Risk | Exposure arising from | Management |
|---|---|---|
| Liquidity risk | Borrowings and other liabilities | The Senior Management along with centralized treasury deliberates on the static liquidity gap statement, future asset growth plans, tenor of assets, market liquidity and pricing of various sources of funds. It decides on the optimal funding mix taking into consideration the asset strategy and a focus on diversifying sources of funds. |
| Market risk - Interest rate | Long-term borrowings at variable rates | The Senior Management along with centralized treasury reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. |
| Market risk - Securities price risks | Equity Investment | The Company continue to effectively evaluate various risks involved in underlying assets, before and after making any such strategic investments. |
| Market risk - Foreign exchange | Transactions denominated in foreign currency | The centralised treasury function aggregates the foreign exchange exposure and takes measures to hedge the exposure based on prevalent macroeconomic conditions. |
| Market risk - Interest rate | Short-term borrowings at variable rates | The Senior Management along with centralized treasury reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. |
| Credit risk | Trade receivables, investments and loans to related parties | The Senior Management assess the recoverability of investments and loans given to related parties on periodic basis and considered these balances good and fully recoverable.<br><br>Refer note-9 for trade receivables |

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| Risk | Exposure arising from | Management |
|---|---|---|
| Credit risk | Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost. | Diversification of bank deposits, credit limits and letters of credit<br><br>Each investment in financial services is assessed by the investment team as well as independent risk team on the risk-return framework. The combined analysis of these teams is presented to the Investment Committee for investment decision. The risk is being partly mitigated by setting up a concentration risk framework, which incentivises business units to diversify portfolio across counterparties, sectors and geographies. |

**a. Liquidity Risk Management**

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Senior Management along with centralized treasury is responsible for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Company has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

The Company has the following undrawn credit lines available as at the end of the reporting period.

**(Rs. in Crores)**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Undrawn credit lines | 200.13 | 452.94 |
| | **200.13** | **452.94** |

Note: This includes Non-Convertible Debentures, Inter Corporate Deposits and Commercial Papers where only credit rating has been obtained and which can be issued, if required, within a short period of time.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

**(Rs. in Crores)**

| Maturities of Financial Liabilities | March 31, 2022 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Borrowings | 693.34 | 483.20 | - | - |
| Trade Payables | 615.20 | - | - | - |
| Lease liability | 3.09 | 6.02 | 2.41 | 0.19 |
| Other Financial Liabilities | 2.25 | - | - | - |
| | **1,313.88** | **489.22** | **2.41** | **0.19** |

**(Rs. in Crores)**

| Maturities of Financial Liabilities | March 31, 2021 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Borrowings | 165.44 | - | - | - |
| Trade Payables | 584.12 | - | - | - |
| Lease liability | 2.58 | 5.06 | 3.26 | - |
| Other Financial Liabilities | 633.52 | - | - | - |
| | **1,385.66** | **5.06** | **3.26** | - |

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The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

**Maturities of Financial Assets** (Rs. in Crores)

| | March 31, 2022 | | | |
|---|---|---|---|---|
| | **Upto 1 year** | **1 to 3 years** | **3 to 5 years** | **5 years & above** |
| Loans to related parties | 81.58 | 815.34 | - | - |
| Trade Receivables | 974.92 | - | - | - |
| | **1,056.50** | **815.34** | **-** | **-** |

**Maturities of Financial Assets** (Rs. in Crores)

| | March 31, 2021 | | | |
|---|---|---|---|---|
| | **Upto 1 year** | **1 to 3 years** | **3 to 5 years** | **5 years & above** |
| Loans to related parties | 42.55 | 624.17 | 5.34 | - |
| Trade Receivables | 864.38 | - | - | - |
| | **906.93** | **624.17** | **5.34** | **-** |

In assessing whether the going concern assumption is appropriate, the Company has considered a range of factors relating to current and expected profitability, debt repayment schedule and potential sources of replacement financing. The Company has performed sensitivity analysis on such factors considered and based on current indicators of future economic conditions; there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Because of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will continue to monitor any changes to the future economic conditions.

The balances disclosed in the table above are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as on March 31, 2022.

**b. Interest Rate Risk Management**

The Company is exposed to interest rate risk as it has assets and liabilities based on floating interest rates as well. Senior Management along with centralised treasury assess the interest rate risk run by it and provide appropriate guidelines to the treasury to manage the risk. The Senior Management along with centralised treasury reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The Senior Management along with centralised treasury reviews the interest rate gap statement and the interest rate sensitivity analysis.

The exposure of the Company's borrowings to the interest rate risk at the end of the reporting period is mentioned below:

(Rs. in Crores)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Variable rate borrowings | 890.00 | - |
| Fixed rate borrowings | 200.00 | 90.20 |
| | **1,090.00** | **90.20** |

The sensitivity analysis below have been determined based on the exposure to interest rates for liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate liabilities has been considered to be insignificant.

If interest rates related to borrowings had been 100 basis points higher / lower and all other variables were held constant, the Company's Profit before tax for the year ended/Other Equity (pre-tax) as on March 31, 2022 would decrease/increase by Rs 8.90 Crores for total borrowings (Previous year Nil) . This is attributable to the Company's exposure to borrowings at floating interest rates.

If interest rates related to loans given had been 100 basis points higher/lower and all other variables were held constant, the Company's Profit before tax for the year ended/Other Equity (pre-tax)
as on March 31, 2022 would increase/decrease by Rs.8.06 Crores (Previous year Rs. 6.09 Crores). This is attributable to the Company's exposure to lendings at floating interest rates.

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**c. Foreign Currency Risk Management**

The Company is exposed to Currency Risk arising from its trade exposures and Capital receipt / payments denominated, in other than the Functional Currency. The Company has a detailed policy which includes setting of the recognition parameters, benchmark targets, the boundaries within which the treasury has to perform and also lays down the checks and controls to ensure the effectiveness of the treasury function.
The Company has defined strategies for addressing the risks for each category of exposures (e.g. for exports , for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.

**a) Derivatives outstanding as at the reporting date**

| Firm commitment and highly probable forecast transaction | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | FC in Millions | Rs. in Crores | FC in Millions | Rs. in Crores |
| Forward contracts to sell USD / INR | 130.00 | 1,007.25 | 113.00 | 848.02 |

**b) Particulars of foreign currency exposures as at the reporting date**

| Currencies | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Trade receivables | | Trade receivables | |
| | FC in Millions | Rs. in Crores | FC in Millions | Rs. in Crores |
| AUD | 0.43 | 2.43 | 0.03 | 0.14 |
| CAD | 7.30 | 44.15 | 7.45 | 43.24 |
| EUR | 4.58 | 38.60 | 6.66 | 57.13 |
| GBP | 0.78 | 7.71 | 0.53 | 5.39 |
| SGD | 0.08 | 0.43 | 0.15 | 0.80 |
| USD | 53.78 | 407.66 | 63.11 | 461.41 |

| Currencies | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Trade payables/(advance to supplier) | | Trade payables | |
| | FC in Millions | Rs. in Crores | FC in Millions | Rs. in Crores |
| AUD | * | 0.02 | * | 0.01 |
| CAD | * | (0.01) | * | 0.03 |
| CHF | (0.01) | (0.07) | 0.03 | 0.20 |
| EUR | 0.13 | 1.12 | 1.10 | 9.42 |
| GBP | 0.20 | 1.94 | 0.49 | 4.92 |
| THB | 0.43 | 0.10 | 0.77 | 0.18 |
| SEK | 0.03 | 0.02 | 0.03 | 0.02 |
| USD | 13.56 | 102.75 | 24.25 | 177.27 |
| NZD | 0.03 | * | * | * |
| JPY | 4.16 | 0.26 | 0.23 | 0.02 |
| SGD | * | * | * | * |
| AED | 0.07 | 0.14 | 0.04 | 0.08 |

* Amounts are below the rounding off norms adopted by the Company

| Currencies | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Loan from Banks | | Loan from Banks | |
| | FC in Millions | Rs. in Crores | FC in Millions | Rs. in Crores |
| USD | - | - | 8.23 | 60.20 |

| Currencies | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Loan & Interest Receivable from Related Parties | | Current Account Balances Receivable /(Payable) | |
| | FC in Millions | Rs. in Crores | FC in Millions | Rs. in Crores |
| USD | 103.02 | 780.47 | 0.02 | 0.14 |
| GBP | 2.00 | 19.92 | - | - |

| Currencies | As at March 31, 2021 | | | |
|---|---|---|---|---|
| | Loan & Interest Receivable from Related Parties | | Current Account Balances Receivable /(Payable) | |
| | FC in Millions | Rs. in Crores | FC in Millions | Rs. in Crores |
| USD | 83.01 | 606.94 | 0.24 | 1.75 |

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**c) Sensitivity Analysis:**

Of the above, the Company is mainly exposed to USD, GBP & EUR. Hence the following table analyses the Company's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of these currencies against INR.

| Particulars | | For the period ended March 31, 2022 | | | |
|---|---|---|---|---|---|
| **Currencies** | **Increase /Decrease** | **Total Assets in FC (in Millions)** | **Total Liabilities in FC (In Millions)** | **Change in exchange rate (in Rs. )** | **Impact on Profit or Loss before tax/Other Equity (pre-tax) for the period (in Rs. Crores)** |
| USD | Increase by 5%** | 156.80 | 13.56 | 3.79 | 54.29 |
| USD | Decrease by 5%** | 156.80 | 13.56 | (3.79) | (54.29) |
| GBP | Increase by 5%** | 2.78 | 0.20 | 4.97 | 1.28 |
| GBP | Decrease by 5%** | 2.78 | 0.20 | (4.97) | (1.28) |
| EUR | Increase by 5%** | 4.58 | 0.13 | 4.21 | 1.87 |
| EUR | Decrease by 5%** | 4.58 | 0.13 | (4.21) | (1.87) |

| Particulars | | For the period ended March 31, 2021 | | | |
|---|---|---|---|---|---|
| **Currencies** | **Increase /Decrease** | **Total Assets in FC (in Millions)** | **Total Liabilities in FC (In Millions)** | **Change in exchange rate (in Rs. )** | **Impact on Profit or Loss before tax/Other Equity (pre-tax) for the period (in Rs. Crores)** |
| USD | Increase by 5%** | 146.36 | 32.48 | 3.66 | 41.63 |
| USD | Decrease by 5%** | 146.36 | 32.48 | (3.66) | (41.63) |
| GBP | Increase by 5%** | 0.53 | 0.49 | 5.04 | 0.02 |
| GBP | Decrease by 5%** | 0.53 | 0.49 | (5.04) | (0.02) |
| EUR | Increase by 5%** | 6.66 | 1.10 | 4.29 | 2.38 |
| EUR | Decrease by 5%** | 6.66 | 1.10 | (4.29) | (2.38) |

** Holding all the other variables constant

**d. Accounting for cash flow hedge**

The objective of hedge accounting is to represent, in the Company's financial statements, the effect of the Company's use of financial instruments to manage exposures arising from particular risks that could affect profit or loss. As part of its risk management strategy, the Company makes use of financial derivative instruments, such as foreign currency range forwards and forward exchange contracts for hedging the risk arising on account of highly probable foreign currency forecast sales.

For derivative contracts designated as hedge, the Company documents, at inception, the economic relationship between the hedging instrument and the hedged item, the hedge ratio, the risk management objective for undertaking the hedge and the methods used to assess the hedge effectiveness. The derivative contracts have been taken to hedge foreign currency fluctuations risk arising on account of highly probable foreign currency forecast sales.

The Company applies cash flow hedge to hedge the variability arising out of foreign exchange currency fluctuations on account of highly probable forecast sales. Such contracts are generally designated as cash flow hedges.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The forward exchange forward contracts are denominated in the same currency as the highly probable future sales, therefore the hedge ratio is 1:1. Further, the entity has excluded the foreign currency basis spread and takes such excluded element through the income statement. Accordingly, the Company designates only the spot rate in the hedging relationship.

The Company has a Board approved policy, adopted at group level on assessment, measurement and monitoring of hedge effectiveness which provides a guideline for the evaluation of hedge effectiveness, treatment and monitoring of the hedge effective position from an accounting and risk monitoring perspective. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The Company assesses hedge effectiveness on prospective basis. The prospective hedge effectiveness test is a forward looking evaluation of whether or not the changes in the fair value or cash flows of the hedging position are expected to be highly effective in offsetting the changes in the fair value or cash flows of the hedged position over the term of the relationship.

Hedge effectiveness is assessed through the application of dollar offset method and designation of spot rate as the hedging instrument. The excluded portion of the foreign currency basis spread is taken directly through income statement.

The table below enumerates the Company's hedging strategy, typical composition of the Company's hedge portfolio, the instruments used to hedge risk exposures and the type of hedging relationship for the period ended March 31, 2022 and March 31, 2021:

| Sr No | Type of risk/ hedge position | Hedged item | Description of hedging strategy | Hedging instrument | Description of hedging instrument | Type of hedging relationship |
|---|---|---|---|---|---|---|
| 1 | Foreign Currency hedge | Highly probable forecast sales | Foreign currency denominated highly probable forecast sales is converted into functional currency using a forward contract | Highly probable forecast sales | Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. These are customized contracts transacted in the over-the-counter market. Further, the foreign currency basis spread is separated and accounted for at FVTPL. Accordingly, only the spot rate has been designated in the hedging relationship. | Cash flow hedge |

The tables below provide details of the derivatives that have been designated as cash flow hedges for the periods presented:

**As at March 31, 2022**

(Rs. In Crores)

| | Notional principal amounts | Derivative Financial Instruments - Assets | Derivative Financial Instruments - Liabilities | Change in fair value for the period recognized in OCI | Ineffectiveness recognized in profit or loss | Line item in profit or loss that includes hedge ineffective-ness | Contracts novated from PEL to PPL | Amount reclassified from cash flow hedging reserve to profit or loss | Line item in profit or loss affected by the reclassification |
|---|---|---|---|---|---|---|---|---|---|
| Foreign exchange forward contracts | 13.00 (USD) | 6.26 | - | 0.53 | - | Not applicable | - | 5.95 | Revenue |

**As at March 31, 2021**

(Rs. In Crores)

| | Notional principal amounts | Derivative Financial Instruments - Assets | Derivative Financial Instruments - Liabilities | Change in fair value for the period recognized in OCI | Ineffectiveness recognized in profit or loss | Line item in profit or loss that includes hedge ineffective-ness | Contracts novated from PEL to PPL | Amount reclassified from cash flow hedging reserve to profit or loss | Line item in profit or loss affected by the reclassification |
|---|---|---|---|---|---|---|---|---|---|
| Foreign exchange forward contracts | 11.30 (USD) | 16.36 | - | 10.47 | - | Not applicable | (4.30) | (0.44) | Revenue |

The table below provides a profile of the timing of the notional amounts of the Company's hedging instruments (based on residual tenor) along with the average price or rate as applicable by risk category:

(Rs. In Crores)

| | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Total | Less than 1 year | 1-5 years | Over 5 years |
| **Foreign currency risk:** | | | | |
| **Forward exchange contracts** | 13.00 (USD) | 13.00 (USD) | - | - |
| Average INR:USD forward contract rate | 77.87 | 77.87 | - | - |

(Rs. In Crores)

| | As at March 31, 2021 | | | |
|---|---|---|---|---|
| | Total | Less than 1 year | 1-5 years | Over 5 years |
| **Foreign currency risk:** | | | | |
| **Forward exchange contracts** | 11.30 (USD) | 11.30 (USD) | - | - |
| Average INR:USD forward contract rate | 77.11 | 77.11 | - | - |

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(iii) The following table provides a reconciliation by risk category of the components of equity and analysis of OCI items resulting from hedge accounting:

(Rs. In Crores)

| Movement in Cash flow hedge reserve for the period ended | 31 March 2022 Gain/(Loss) | 31 March 2021 Gain/(Loss) |
|---|---|---|
| Opening Balance | **5.73** | - |
| **Effective portion of changes in fair value:** | | |
| Foreign exchange forward contracts | 0.71 | 13.77 |
| Tax on movements on reserves during the period | (0.18) | (3.30) |
| Contracts novated from Piramal Enterprises Limited | - | (5.53) |
| Tax on above during the period | - | 1.23 |
| **Amount reclassified to profit or loss:** | | |
| Foreign exchange forward contracts | 7.95 | (0.59) |
| Tax on movements on reserves during the period | (2.00) | 0.15 |
| **Closing balance as at the end of the period** | **12.21** | **5.73** |

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**48** The Company conducts research and development to find new sustainable chemical routes for pharmaceutical products. The Company is undertaking development activities for Oral Solids and Sterile Injectables, apart from other Active Pharmaceutical Ingredients (API).

The Company has research and development centers in Mumbai, Ennore and Ahmedabad.

Details of additions to Property Plant & Equipments, Intangibles under Development and Revenue Expenditure for Department of Scientific & Industrial Research (DSIR) Recognised research and development facilities / division of the Company at Mumbai, Ennore and Ahmedabad for the year are as follows:

| Description | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **Revenue Expenditure*** | 138.26 | 102.99 |
| **TOTAL** | **138.26** | **102.99** |
| **Capital Expenditure, Net** | | |
| Additions to Property Plant & Equipment | 7.00 | 11.51 |
| Additions to Intangibles under Development | 8.74 | 6.91 |
| **TOTAL** | **15.74** | **18.42** |

*The amount included in Note 33 under R&D Expenses (net) does not include Rs. 86.82 crores. (Previous Year Rs.79.30 crores) relating to Ahmedabad locations.

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## 49 Income taxes relating to operations

### a) Tax expense recognised in statement of profit and loss

(Rs.in Crores)

| Particulars | For the year ended March 31, 2022 | For the period 04/03/2020 to 31/03/2021 |
|---|---|---|
| ***Current tax :*** | | |
| In respect of the current period | 96.34 | 104.98 |
| | **96.34** | **104.98** |
| ***Deferred tax :*** | | |
| In respect of the current period | (15.16) | 10.30 |
| | **(15.16)** | **10.30** |
| **Total tax expense recognised** | **81.18** | **115.28** |

### b) Tax (expense)/ benefits recognised in other comprehensive income

(Rs. in Crores)

| Particulars | Year ended March 31, 2022 | For the period 04/03/2020 to 31/03/2021 |
|---|---|---|
| ***Current tax :*** | | |
| ***Deferred tax :*** | | |
| Fair value Remeasurement of hedging instruments entered into for cash flow hedges | (2.18) | (1.93) |
| Remeasurement of defined benefit obligation | (0.10) | 0.82 |
| Total tax expense recognised | **(2.28)** | **(1.11)** |

### c) Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the separate statement of financial position:

(Rs. in Crores)

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deferred tax assets | 11.29 | 1.13 |
| Deferred tax liabilities | (168.83) | (171.55) |
| | **(157.54)** | **(170.42)** |

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

### d) Movement of Deferred Tax during the year ended March 31, 2022

(Rs. in Crores)

| Particulars | Opening Balance | Recognised in statement of profit and loss | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax (liabilities)/assets in relation to:** | | | | |
| Expected Credit Loss on Trade Receivables | 0.24 | 0.75 | - | 0.99 |
| Fair value measurement of derivative contracts | (4.30) | 4.72 | (2.18) | (1.76) |
| Recognition of lease rent expense | 0.07 | 0.07 | - | 0.14 |
| Property, Plant and Equipment and Intangible Assets | (167.25) | 0.76 | - | (166.49) |
| Debt EIR impact | - | (0.58) | - | (0.58) |
| Expenses that are allowed on payment basis | - | 9.44 | - | 9.44 |
| Remeasurement of defined benefit obligation | 0.82 | - | (0.10) | 0.72 |
| **Total** | **(170.42)** | **15.16** | **(2.28)** | **(157.54)** |

**Movement of Deferred Tax during the period March 04, 2020 to March 31, 2021**

(Rs. in Crores)

| Particulars | Balance acquired as at March 04, 2020 under common control (refer note 51) | Recognised in statement of profit and loss | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax (liabilities)/assets in relation to:** | | | | |
| Expected Credit Loss on Trade Receivables | - | 0.24 | - | 0.24 |
| Fair value measurement of derivative contracts | - | (2.37) | (1.93) | (4.30) |
| Recognition of lease rent expense | - | 0.07 | - | 0.07 |
| Property, Plant and Equipment and Intangible Assets | (159.01) | (8.24) | - | (167.25) |
| Remeasurement of defined benefit obligation | - | - | 0.82 | 0.82 |
| **Total** | **(159.01)** | **(10.30)** | **(1.11)** | **(170.42)** |

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*e) The income tax expense for the period can be reconciled to the accounting profit as follows.*

(Rs. in Crores)

| Particulars | For the year ended March 31, 2022 | For the period March 04, 2020 to March 31, 2021 |
|---|---|---|
| **Profit before tax** | **424.23** | **686.78** |
| Profit recognised on account of common control acquisition (refer note 51) | - | 282.02 |
| **Profit before tax** | **424.23** | **404.76** |
| **Income tax expense calculated at 25.17%** | **106.78** | **101.88** |
| Effect of expenses that are not deductible in determining taxable profit | 5.31 | 11.37 |
| Effect of incomes which are exempt from tax | (22.82) | - |
| Others | (8.09) | 2.03 |
| **Income tax expense recognised in statement of profit and loss** | **81.18** | **115.28** |

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## 50 Fair Value Measurement

### a) Financial Instruments by category (net of ECL provision) :

(Rs. in Crores)

| Particulars | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| | FVTPL | Amortised Cost | FVTPL | Amortised Cost |
| **Financial Assets** | | | | |
| Investments | 37.01 | - | - | - |
| Loans | - | 838.97 | - | 624.41 |
| Cash & Bank Balances | - | 90.27 | - | 152.35 |
| Trade Receivables | - | 947.65 | - | 839.75 |
| Other Financial Assets | 6.26 | 35.37 | 16.36 | 94.67 |
| | **43.27** | **1,912.26** | **16.36** | **1,711.18** |
| **Financial liabilities** | | | | |
| Borrowings | - | 1,101.53 | - | 165.20 |
| Trade Payables | - | 615.20 | - | 584.12 |
| Other Financial Liabilities | - | 163.34 | - | 642.58 |
| | **-** | **1,880.07** | **-** | **1,391.90** |

The Company considers that carrying amounts of financial assets and financial liabilities disclosed above approximate their fair values.

### b) Fair Value Hierarchy and Method of Valuation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(Rs. in Crores)

| Financial Assets | March 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Notes | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| **Measured at FVTPL - Recurring Fair Value Measurements** | | | | | | |
| **Investments** | | | | | | |
| Investment in Mutual Funds | i. | 37.01 | 37.01 | - | - | 37.01 |
| **Other Financial Assets** | | | | | | |
| Derivative Financial Assets | ii. | 6.26 | - | 6.26 | - | 6.26 |

(Rs. in Crores)

| Financial Liabilities | March 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Notes | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| **Measured at Amortised Cost for which fair values are disclosed** | | | | | | |
| Borrowings | iii | 1,101.53 | - | - | 1,101.53 | 1,101.53 |

(Rs. in Crores)

| Financial Assets | March 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Notes | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| **Other Financial Assets** | | | | | | |
| Derivative Financial Assets | ii. | 16.36 | - | 16.36 | - | 16.36 |

**Notes :**

i This includes mutual funds which are fair valued using quoted prices and closing NAV in the market.

ii This includes forward exchange contracts the fair value of the forward exchange contract is determined using forward exchange rate at the balance sheet date.

iii Fair values of borrowings are based on discounted cash flow using a current borrowing rate. They are classified as Level 3 values hierarchy due to the use of unobservable inputs, including own credit risk. The discounting factor used has been arrived at after adjusting the rate of interest for the financial liabilities by the difference in the Government Securities rates from date of initial recognition to the reporting dates.

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**51** During the previous year, The Board of Directors ('Board') of the Company at their meeting held on June 26, 2020, had approved:
a. the Purchase of the pharmaceutical business ('Pharma Business') of the Holding Company 'Piramal Enterprises Limited', held by the Holding Company directly and through its wholly owned subsidiaries., by the Company.
b. issue of such number of securities of the company, representing 20% paid up share capital of the company on a fully diluted basis to CA Clover Intermediate II Investments (now known as CA Alchemy Investments) ("Carlyle"), an affiliated entity of CAP V Mauritius Limited, an investment fund managed and advised by affiliated entities of The Carlyle Group Inc for the strategic growth investment.

This transaction was successfully closed on October 6th, 2020 on receipt of requisite approvals. As a result, the Company received Rs.3,523.40 crores as consideration towards 20% equity investment from CA Alchemy Investments.

In accordance with Appendix C to Ind AS 103, the purchase of pharma business being a common control transaction (transaction between a holding company (Piramal Enterprises Limited) and the Company), is accounted for at the carrying values and the financial information has been drawn up with effect from March 4, 2020, being the date of incorporation of the Company. The difference between the carrying value of the net assets of the Pharma Business and consideration paid has been recognised in Capital Reserve.

| **Particulars** | | | **(Rs. In Crores)** |
|---|---|---|---|
| Assets | | | |
| Non-Current Assets | | | |
| -Property, Plant & Equipment | | 1,325.64 | |
| -Capital Work in Progress | | 57.78 | |
| -Intangible Assets | | 352.18 | |
| -Intangible Assets Under Development | | 62.08 | |
| -Right of Use Asset | | 6.18 | 1,803.86 |
| Financial Assets: | | | |
| -Investments | | 1,526.42 | |
| -Loans | | 24.51 | |
| -Other Financial Assets | | 11.89 | 1,562.82 |
| Other Non-Current Assets | | | 35.92 |
| Current Assets | | | |
| Inventories | | 458.22 | |
| Financial Assets: | | | |
| -Trade Receivables | | 491.16 | |
| -Other Financial Assets | | 36.31 | |
| Other Current Assets | | 283.70 | 1,269.39 |
| Total Assets | **(I)** | | 4,671.99 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities: | | | |
| Lease Liability | | | 1.44 |
| Provisions | | | 62.43 |
| Current Liabilities | | | |
| Financial Liabilities: | | | |
| -Trade payables | | 456.90 | |
| -Other Financial Liabilities | | 31.51 | |
| Other Current Liabilities | | 39.92 | |
| Provisions | | 0.11 | 528.44 |
| Total Liabilities | **(II)** | | **592.31** |
| Net value of Assets and liabilities as on March 4, 2020(I-II) | | | 4,079.68 |
| Less : Consideration in the form of cash | | | (4,302.00) |
| Less : Consideration in the form of Share Capital issued (refer footnote to Statement of Cash flow) | | | (185.00) |
| Add : Securities Premium issued on shares above adjusted against capital reserve (refer footnote to Statement of Cash flow) | | | 174.33 |
| Less : Deferred tax liability on acquisition | | | (159.01) |
| **Capital reserve on March 4, 2020** | | (A) | **(392.00)** |
| Less : Cash balance not taken over (including generated out of operations for the period from March 4, 2020 to October 5, 2020). | | (B) | (326.34) |
| **Capital reserve on October 5, 2020** | | **(A+B)** | **(718.34)** |

## 52 Trade Receivables ageing (#)

As at March 31, 2022

(Rs. in Crores)

| Ageing of receivables | Not Due | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|
| **Undisputed Trade Receivables :** | | | | | | | |
| Considered Good | 741.41 | 194.53 | 11.57 | 1.92 | - | 0.07 | **949.50** |
| Credit impaired | - | - | - | 3.56 | 4.85 | 17.01 | **25.42** |
| Total | **741.41** | **194.53** | **11.57** | **5.48** | **4.85** | **17.08** | **974.92** |

As at March 31, 2021

(Rs. in Crores)

| Ageing of receivables | Not Due | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|
| **Undisputed Trade Receivables :** | | | | | | | |
| Considered Good | 552.39 | 238.43 | 28.50 | - | 22.09 | 0.07 | **841.48** |
| Credit impaired | - | - | 1.11 | 5.01 | 9.23 | 7.52 | **22.87** |
| **Disputed Trade Receivables :** | | | | | | | |
| Credit impaired | | 0.03 | | | | | **0.03** |
| Total | **552.39** | **238.46** | **29.61** | **5.01** | **31.32** | **7.59** | **864.38** |

# Where due date has not been specified, ageing has been calculated basis transaction date.

## 53 Trade Payable Ageing

As at March 2022

(Rs. in Crores)

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | 34.87 | 12.34 | 0.20 | - | 0.24 | 47.65 |
| (ii) Others | 120.51 | 124.66 | 2.17 | 1.41 | 3.44 | 252.19 |
| Total | **155.38** | **137.00** | **2.37** | **1.41** | **3.68** | **299.84** |

As at March 2021

(Rs. in Crores)

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | 12.07 | 14.17 | 0.02 | 0.24 | 0.11 | 26.61 |
| (ii) Others | 124.47 | 55.20 | 2.06 | 0.87 | 2.54 | 185.14 |
| Total | **136.54** | **69.37** | **2.08** | **1.11** | **2.65** | **211.75** |

Accrued expenses amount to Rs. 315.36 Crores as at March 31,2022 (as at March 31,2021 - Rs. 372.37 Crores)

**Notes to financial statements for the year ended March 31, 2022**

**54 Ageing for Capital work in-progress (CWIP)**

**i. Ageing for Capital work in-progress (CWIP) as at March 31, 2022**

**Rs. In Crores**

| Capital work in-progress (CWIP) | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| Projects in progress | 114.11 | 25.56 | 15.47 | 0.14 | **155.28** |

**Ageing for Capital work in-progress (CWIP) as at March 31, 2021**

**Rs. In Crores**

| Capital work in-progress (CWIP) | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| Projects in progress | 55.93 | 22.11 | 1.17 | 0.13 | **79.34** |

**ii. Project wise details of CWIP project whose completion is overdue or has exceeded its cost compared to its original plan**

**As at March 31, 2022**

**Rs. In Crores**

| Capital work in-progress (CWIP) | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years |
| **Projects in progress** | | | | |
| 1. Project 1 | 64.11 | - | - | - |
| 2. Project 2 | 6.53 | - | - | - |
| 3. Project 3 | 2.69 | - | - | - |
| 4. Project 4 | 2.44 | - | - | - |
| 5. Project 5 | 2.17 | - | - | - |
| 6. Project 6 | 2.05 | - | - | - |
| 7. Project 7 | 1.60 | - | - | - |
| 8. Project 8 | 1.38 | - | - | - |
| 9. Project 9 | 1.26 | - | - | - |
| 10. Others | 9.73 | - | - | - |

**As at March 31, 2021**

**Rs. In Crores**

| Capital work in-progress (CWIP) | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years |
| **Projects in progress** | | | | |
| 1. Project 1 | - | 30.44 | - | - |
| 2. Project 2 | 3.52 | - | - | - |
| 3. Project 3 | 3.01 | - | - | - |
| 4. Project 4 | 1.83 | - | - | - |
| 5. Project 5 | 1.48 | - | - | - |
| 6. Project 6 | 1.44 | - | - | - |
| 7. Project 7 | 1.32 | - | - | - |
| 8. Project 8 | 1.03 | - | - | - |
| 9. Project 9 | 1.00 | - | - | - |
| 10. Others | 10.24 | 1.69 | - | - |

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PIRAMAL PHARMA LIMITED MUMBAI

## 55 Ageing for Intangible Asset Under Development (IAUD)

### i. Ageing for Intangible Assets under Development (IAUD) as at March 31, 2022

Rs. In Crores

| Intangible Assets under Development (IAUD) | Amount in IAUD for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| a. Projects in progress | 12.01 | 8.58 | 6.55 | 22.68 | **49.82** |

**Ageing for Intangible Assets under Development (IAUD) as at March 31, 2021**

Rs. In Crores

| Intangible Assets under Development (IAUD) | Amount in IAUD for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| a. Projects in progress | 11.15 | 7.53 | 11.35 | 11.63 | **41.66** |

### ii. Project wise details of IAUD project whose completion is overdue or has exceeded its cost compared to its original plan.

**As at March 31, 2022**

Rs. In Crores

| | Intangible Assets under Development (IAUD) | To be completed in | | | |
|---|---|---|---|---|---|
| | | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years |
| | **Projects in progress** | | | | |
| 1. | Project 1 | - | 2.30 | - | - |
| 2. | Project 2 | 0.53 | - | - | - |
| 3. | Project 3 | 0.35 | - | - | - |
| 4. | Project 4 | 0.20 | - | - | - |
| 5. | Project 5 | 0.20 | - | - | - |
| 6. | Others | 0.99 | - | - | - |

**As at March 31, 2021**

Rs. In Crores

| | Intangible Assets under Development (IAUD) | To be completed in | | | |
|---|---|---|---|---|---|
| | | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years |
| | **Projects in progress** | | | | |
| 1. | Project 1 | - | - | 1.93 | - |
| 2. | Project 2 | 0.82 | - | - | - |
| 3. | Project 3 | 0.53 | - | - | - |
| 4. | Project 4 | - | 0.29 | - | - |
| 5. | Project 5 | 0.28 | - | - | - |
| 6. | Others | 1.35 | 0.22 | - | - |

## 56 Ratios

The ratios for the year ended March 31,2022 and March 31,2021 are as follows:

| Sr No. | Particulars | Numerator | Denominator | For the year April 01, 2021 To March 31, 2022 | For the period March 04, 2020 To March 31, 2021 | Variance |
|---|---|---|---|---|---|---|
| | | | | Audited | Audited | |
| i | Current Ratio | Current Assets | Current Liabilities | 1.29 | 1.20 | 7.5% |
| ii | Debt Equity Ratio* | Total Debt | Total Equity | 0.22 | 0.04 | 439.6% |
| iii | Debt Service Coverage Ratio* | Profit before Interest, Tax and Exceptional items | Interest Expense on long term debt+ Principal Repayment of long term Debt | 11.32 | - | 100.0% |
| iv | Return on Equity | Net Profit after tax | Average Shareholders Equity | 7.5% | 13.9% | -6.4% |
| v | Inventory Turnover Ratio | Cost of goods sold | Average inventory | 111.01 | 134.72 | -17.6% |
| vi | Trade Receivables Turnover Ratio | Sales of Products and Services | Average Trade Receivable | 109.55 | 112.30 | -2.4% |
| vii | Trade Payables Turnover Ratio | Total Purchases | Average Trade Payables | 142.76 | 189.47 | -24.7% |
| viii | Net capital turnover Ratio* | Sales of Products and Services | Working Capital (1) | 2.72 | 6.37 | -57.4% |
| ix | Net profit Ratio | Profit after tax before exceptional items | Revenue from operations | 11.5% | 18.8% | -7.3% |
| x | Return on Capital Employed | Earnings Before Interest and Taxes | Capital Employed (2) | 7.3% | 14.1% | -6.8% |
| xi | Return on Investment | Income generated from investments | Closing Investment | 3.2% | 7.8% | -4.6% |

* The variance is due to borrowings during the current year.

(1) Working Capital excludes current borrowings

(2) Tangible Net Worth + Total Debt + Deferred Tax Liability

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PIRAMAL PHARMA LIMITED MUMBAI

57 The Company has not been declared as wilful defaulter by any bank or financial institution or any other lender.

58 The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

59 The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

60 The Company has not traded or invested in crypto currency.

61 There are no material discrepancies between amount of current assets submitted to banks and financial institutions in quarterly returns and amount as per books of accounts.

62 The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

63 The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

64 The Company has transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, and disclosed as under:

(Rs. In Crores)

| Name of struck off Company | Nature of transactions with struck-off Company | Balance outstanding as at March 31, 2022 | Relationship with the Struck off company, if any, to be disclosed |
|---|---|---|---|
| Central Agency & Services Private Limited | Receivables | 0.01 | Customer |
| Welink Smo India Private Limited | Payable | * | Vendor |
| EMS Networks Pvt Ltd | Payable | * | Vendor |
| Secureplus Allied Private Limited | Payable | 0.03 | Vendor |
| Apex Associates Private Limited | Payable | * | Vendor |
| Epic Attires Private Limited | Payable | * | Vendor |
| | | | |

(Rs. In Crores)

| Name of struck off Company | Nature of transactions with struck-off Company | Balance outstanding as at March 31, 2021 | Relationship with the Struck off company, if any, to be disclosed |
|---|---|---|---|
| Central Agency & Services Private Limited | Receivables | 0.02 | Customer |
| Office Bazaar Supplies Private Linited | Payable | 0.01 | Vendor |
| Welink Smo India Private Limited | Payable | * | Vendor |
| Ems Networks Pvt Ltd | Payable | * | Vendor |
| Secureplus Allied Private Limited | Payable | 0.03 | Vendor |
| Apex Associates Private Limited | Payable | * | Vendor |
| Epic Attires Private Limited | Payable | * | Vendor |
| Aurozon (India) Pvt Ltd | Advance Paid | 0.03 | Vendor |
| Nagadi Consultants Pvt Ltd | Advance Paid | * | Vendor |
| | | | |

* Amounts are below rounding off norms adopted by the Company.

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PIRAMAL PHARMA LIMITED MUMBAI

**65** The financial statements have been approved for issue by Company's Board of Directors on May 24, 2022.

Signature to note 1 to 65 of financial statements.

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

DELOITTE HASKINS & SELLS LLP
MUMBAI
DHS

**Nandini Piramal**
Chairperson
DIN : 00286092

**Vivek Valsaraj**
Chief Financial Officer

**Tanya Sanish**
Company Secretary

Mumbai, May 24, 2022

**Deloitte**
**Haskins & Sells LLP**

**Chartered Accountants**
One International Centre
Tower 3, 27th -32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai – 400 013
Maharashtra, India

Tele: + 91 22 6185 4000
Fax: +91 22 6185 4001

## INDEPENDENT AUDITOR'S REPORT

**To The Members of Piramal Pharma Limited**
**Report on the Audit of the Standalone Financial Statements**

### Opinion

We have audited the accompanying standalone financial statements of Piramal Pharma Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period from 04 March 2020 to 31 March 2021, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the period from 04 March 2020 to 31 March 2021.

### Basis for Opinion

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

### Emphasis of Matter

As more fully described in note 2b(i) to the standalone financial statements to assess the recoverability of certain assets, the Company has considered internal and external information in respect of the current and estimated future global including Indian economic indicators consequent to the global health pandemic. The actual impact of the pandemic may be different from that considered in assessing the recoverability of these assets.

Our opinion is not modified in respect of this matter.

**Information Other than the Financial Statements and Auditor's Report Thereon**

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

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

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

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

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

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

**Auditor's Responsibility for the Audit of the Standalone Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report, that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account

   d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the period from 4 March 2020 to 31 March 2021 is in accordance with the provisions of section 197 of the Act.

   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
**Chartered Accountants**
(Firm's Registration No. 117366W/W-100018)

**Rupen K. Bhatt**
**(Partner)**
(Membership No. 046930)
(UDIN: 21046930AAAACQ9547)

Place: Mumbai

Date: 1 June 2021

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of the Piramal Pharma Limited of even date)**

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

We have audited the internal financial controls over financial reporting of Piramal Pharma Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the period from 04 March 2020 to 31 March 21.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

**For Deloitte Haskins & Sells LLP**
**Chartered Accountants**
(Firm's Registration No.117366W/W-100018)

**Rupen K. Bhatt**
**(Partner)**
(Membership No. 046930)
(UDIN: 21046930AAAACQ9547)

Place: Mumbai

Date: 1 June 2021

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(i) In respect of its property, plant and equipment:

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

(b)The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sales deed/ transfer deed/ conveyance deed/ Business Transfer agreement provided to us, we report that, the title deeds, comprising of land and acquired buildings which are freehold, are held in the name of the Company as at the balance sheet date except the following:

| Particulars | Gross Block as at March 31, 2021(Rs in crores) | Net Block as at March 31, 2021 (Rs in crores) | Remarks |
|---|---|---|---|
| Freehold land located at Ennore admeasuring 75.38 Acres with the buildings appurtenant thereto | 23.78 | 20.21 | Land parcels along with the buildings appurtenant thereto acquired pursuant to Business Transfer Agreement dated June 26, 2020 between the Company and Piramal Enterprises Limited is yet to be registered in the name of the Company. |
| Freehold land located at Digwal/Hyderabad admeasuring 87.00 Acres & 47 Guntas with the buildings appurtenant thereto | 90.52 | 73.16 | |

In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories excluding stocks with other third parties were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. In respect of inventory lying with other third parties, confirmations were obtained by the Management for substantial portions of stocks held by them at the year-end.

(iii) According to the information and explanation given to us, the Company has not granted any secured loans to companies ,firms or other parties covered in the Register maintained under section 189 of the Act. In respect of unsecured loans to companies covered in the Register maintained under section 189 of Companies Act, 2013 :

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest
(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations
(c) There is no overdue amount remaining outstanding as at the balance sheet date

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year in terms of provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of its products. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie,* the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Excise Duty, Sales Tax, Service Tax Customs Duty, cess and other material statutory dues in arrears as at March 31 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax, Service Tax, Customs Duty, Excise Duty, Goods and Service tax and Value Added Tax which have not been deposited as on 31 March 2021 on account of disputes are given below:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Gross amount of dispute (Rs In Crores) | Amount unpaid (Rs In Crores) |
|---|---|---|---|---|---|
| Central Excise Laws | Excise Duty & Service Tax including interest and penalty, as applicable. | High Court | 2008-09 to 2012-13 | 9.42 | 7.54 |
| | | CESTAT | 1998 to 2005 and 2010-11 | 1.93 | 1.79 |
| | | Appellate Authority upto Commissioner's level | 2006-07,2009-2015 | 0.43 | 0.20 |
| Goods & Service Tax | Goods & Service Tax | Appellate Authority upto Commissioner's level | 2019-2020 | 0.03 | - |
| Custom Law | Custom Duty | CESTAT | 2009-2012 | 1.57 | 1.41 |
| Sales Tax Laws | Sales Tax | High Court | 2005-06 and 2014-15 to 2017-18 | 1.06 | 0.71 |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings from banks. The Company has neither borrowed from financial institutions and government nor issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made private placement of Equity shares and Fully Compulsorily Convertible Preference shares during the period under review.

In respect of the above issue, we further report that:

a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
b) the amounts raised have been applied by the Company during the period for the purposes for which the funds were raised i.e. general corporate purpose and to discharge the payables created under the business transfer agreement and the other share purchase agreement, on account of acquisition.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
**Chartered Accountants**
(Firm's Registration No.117366W/W-100018)

**Rupen K. Bhatt**
**(Partner)**
(Membership No. **046930**)
(UDIN: 21046930AAAACQ9547)

Place: Mumbai

Date: 1 June 2021

**Piramal Pharma Limited**
**Balance Sheet as at March 31, 2021**

| | Note No. | As at Mar 31, 2021 Rs. in Crores | |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Property, Plant & Equipment | **3** | | 1,291.78 |
| (b) Capital Work in Progress | | | 79.34 |
| (c) Intangible Assets | **3** | | 321.58 |
| (d) Intangible Assets Under Development | | | 41.66 |
| (e) Right of Use Asset | **42** | | 13.45 |
| (f) Financial Assets: | | | |
| (i) Investments | **4** | 1,591.52 | |
| (ii) Loans | **5** | 613.81 | |
| (iii) Other Financial Assets | **6** | 10.75 | 2,216.08 |
| (g) Other Non-Current Assets | **7** | | 25.28 |
| **Total Non-Current Assets** | | | **3,989.17** |
| **Current Assets** | | | |
| (a) Inventories | **8** | | 420.88 |
| (b) Financial Assets: | | | |
| (i) Trade Receivables | **9** | 839.75 | |
| (ii) Cash & Cash Equivalents | **10** | 146.73 | |
| (iii) Bank Balances Other Than (ii) above | **11** | 5.62 | |
| (iv) Loans | **12** | 10.60 | |
| (v) Other Financial Assets | **13** | 100.28 | 1,102.98 |
| (c) Other Current Assets | **14** | | 243.64 |
| **Total Current Assets** | | | **1,767.50** |
| **TOTAL ASSETS** | | | **5,756.67** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share capital | **15** | 994.60 | |
| (b) Share warrants | **15** | 0.10 | |
| (c) Other Equity | **16** | 3,105.92 | |
| **Total Equity** | | | **4,100.62** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| (a) Financial Liabilities: | | | |
| Lease Liability | **42** | | 7.37 |
| (b) Provisions | **17** | | 6.59 |
| (c) Deferred Tax Liabilities (Net) | **18** | | 170.42 |
| **Total Non-Current Liabilities** | | | **184.38** |
| **Current Liabilities** | | | |
| (a) Financial Liabilities: | | | |
| (i) Borrowings | **19** | 165.20 | |
| (ii) Trade Payables | | | |
| Total outstanding dues of Micro enterprises and small enterprises | | 26.61 | |
| Total outstanding dues of creditors other than Micro enterprises and small enterprises | | 557.51 | |
| (iii) Lease Liability | | 1.69 | |
| (iv) Other Financial Liabilities | **20** | 633.52 | 1,384.53 |
| (b) Other Current Liabilities | **21** | | 46.57 |
| (c) Provisions | **22** | | 30.88 |
| (d) Current Tax Liabilities (Net) | **23** | | 9.69 |
| **Total Current Liabilities** | | | **1,471.67** |
| **Total Liabilities** | | | **1,656.05** |
| **TOTAL EQUITY & LIABILITIES** | | | **5,756.67** |

The above Balance Sheet should be read in conjunction with the accompanying notes

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, June 01, 2021

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

**Nandini Piramal**
Director
DIN : 00286092

**Rajesh Laddha**
Director
DIN : 02228042

**Vivek Valsaraj**
Chief Financial Officer

**Tanya DCosta**
Company Secretary

Mumbai, May 11, 2021

**PIRAMAL PHARMA LIMITED**
**Statement of Profit and Loss for the period March 04,2020 to March 31, 2021**

| | Note No. | For the period March 04, 2020 To March 31, 2021 Rs. in Crores | |
|---|---|---|---|
| Revenue from operations | 24 | | 2,938.81 |
| Other Income (Net) | 25 | | 197.97 |
| **Total Income** | | | **3,136.78** |
| **Expenses** | | | |
| Cost of materials consumed | 26 | 1,028.84 | |
| Purchases of Stock-in-Trade | 27 | 141.07 | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 28 | 57.86 | |
| Employee benefits expense | 29 | 395.15 | |
| Finance costs | 30 | 4.71 | |
| Depreciation and amortization expense | 3 & 42 | 143.64 | |
| Other expenses | 31 | 696.96 | |
| **Total Expenses** | | | **2,468.23** |
| **Profit Before Exceptional Items and Tax** | | | **668.55** |
| Exceptional Items | 32 | | 18.23 |
| **Profit before Tax** | | | **686.78** |
| Less: Income Tax Expense | 46 | | |
| Current tax | | | 104.98 |
| Deferred Tax (Net) | | | 10.30 |
| | | | **115.28** |
| **Profit after Tax** | | | **571.50** |
| **Other Comprehensive Income / (Expense) (OCI), net of tax expense:** | 33 | | |
| **A. Items that will not be reclassified to profit or loss** | | | |
| Remeasurement of Post Employment Benefit Obligations | | (3.28) | |
| Income Tax Impact on above | | 0.82 | **(2.46)** |
| **B. Items that will be reclassified to profit or loss** | | | |
| Deferred gain on cash flow hedge | | 7.66 | |
| Income Tax Impact on above | | (1.93) | **5.73** |
| **Total Other Comprehensive Income (OCI) for the period, net of tax expense** | | | **3.27** |
| **Total Comprehensive Income for the period, net of tax expense** | | | **574.77** |
| **Earnings Per Equity Share (Basic) (Rs.) (Face value of Rs. 10/- each)** | **41** | | **12.70** |
| **Earnings Per Equity Share (Diluted) (Rs.) (Face value of Rs. 10/- each)** | **41** | | **12.70** |

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

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

**Nandini Piramal**
Director
DIN : 00286092

**Rajesh Laddha**
Director
DIN : 02228042

**Rupen K. Bhatt**
Partner
Membership Number: 046930

**Vivek Valsaraj**
Chief Financial Officer

**Tanya DCosta**
Company Secretary

Mumbai, June 01, 2021

Mumbai, May 11, 2021

**Piramal Pharma Limited**
**Cash Flow Statement For The Period Ended March 31, 2021**

| | | For the period March 04, 2020 To March 31, 2021 Rs. in Crores |
|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | |
| | Profit before exceptional items and tax | 668.55 |
| | Less : Profit for the period Mar 4,2020 to October 5, 2020 | (319.44) |
| | Profit for the period Oct 6,2020 to Mar 31,2021 | 349.11 |
| | Adjustments for : | |
| | Depreciation and amortisation expense | 60.96 |
| | Provision written back | (1.72) |
| | Finance Costs considered separately | 4.71 |
| | Interest Income on Financial assets | (16.29) |
| | Dividend received | (49.00) |
| | (Gain)/Loss on Sale of Property Plant and Equipment | 0.05 |
| | Write-down of Inventories | 13.97 |
| | Expected Credit Loss on Trade Receivables | 0.96 |
| | Unrealised foreign exchange (gain) / loss | (4.68) |
| | **Operating Profit Before Working Capital Changes** | **358.07** |
| | Adjustments For Changes In Working Capital : | |
| | Adjustments for (increase) / decrease in operating assets | |
| | - Trade receivables | (286.52) |
| | - Other Current Assets | (17.45) |
| | - Other Non Current Assets | 4.83 |
| | - Other Financial Assets - Non Current | 12.82 |
| | - Inventories | 95.36 |
| | - Other Financial Assets - Current | (47.14) |
| | Adjustments for increase / (decrease) in operating liabilities | |
| | - Trade Payables | 27.58 |
| | - Non - Current provisions | (30.12) |
| | - Other Current Financial Liabilities | (12.68) |
| | - Other Current Liabilities | (5.50) |
| | - Current provisions | 30.76 |
| | **Cash Generated from Operations** | **130.01** |
| | - Taxes Paid (Net of Refunds) | (95.29) |
| | **Net Cash Generated from Operating Activities** | **34.72** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | |
| | Payments for Purchase of Property Plant and Equipment / Intangible Assets | (58.11) |
| | Proceeds from Sale of Property Plant and Equipment / Intangible Assets | 2.93 |
| | Payment for purhase of pharma business | (3,710.00) |
| | Interest Received | 0.49 |
| | Other Bank Balances | (5.62) |
| | Dividend received | 49.00 |
| | Investment in equity shares of subsidiary | (65.10) |
| | Loans to related parties (Net of repayments) | (596.48) |
| | **Net Cash Used in Investing Activities** | **(4,382.89)** |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | |
| | Proceeds from Current Borrowings | |
| | - Receipts | 473.39 |
| | - Payments | (383.01) |
| | Lease payments | |
| | - Principal | (0.77) |
| | - Interest | (0.42) |
| | Rights issue proceeds | 785.00 |
| | Receipt from issue of equity shares | 3,448.41 |
| | Proceeds from Compulsorily Convertible Preference Share Issue | 75.00 |
| | Finance Costs Paid | (4.29) |
| | Mark to market gains on forward contracts taken against the inflow from equity investment from Carlyle | 100.85 |
| | **Net Cash Generated from Financing Activities** | **4,494.16** |

**Piramal Pharma Limited**
**Cash Flow Statement For The Period Ended March 31, 2021**

| | For the period March 04, 2020 To March 31, 2021 Rs. in Crores |
|---|---|
| **Net Increase in Cash & Cash Equivalents [(A)+(B)+(C)]** | 145.99 |
| **Cash and Cash Equivalents as at March 4, 2020** | 0.74 |
| **Cash and Cash Equivalents as at March 31, 2021** | **146.73** |
| **Cash and Cash Equivalents Comprise of :** | |
| Cash on Hand | 0.11 |
| Balance with Scheduled Banks in Current Accounts | 146.62 |
| Fixed Deposit with maturity less than 3 months | - |
| | **146.73** |

**Note:**
On October 06, 2020, the Company issued 1,06,71,651 fully paid equity shares with face value of Rs. 10 each and carrying security premium of Rs. 163.36 per share, aggregating to Rs. 185 crore in exchange for 1,00,000 fully paid equity share of Rs. 10 each of Piramal Healthcare Inc. having a carrying value of Rs 86.44 crores, acquired pursuant to agreement for purchase of Pharma business entered into between the Company and Piramal Enterprise Limited (Refer note 48).

The above Statement of Cash flow should be read in conjunction with the accompanying notes
In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, June 01, 2021

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

**Nandini Piramal**
Director
DIN : 00286092

**Rajesh Laddha**
Director
DIN : 02228042

**Vivek Valsaraj**
Chief Financial Officer

**Tanya DCosta**
Company Secretary

Mumbai, May 11, 2021

**Piramal Pharma Limited**
**Statement of Changes in Equity for the Period ended March 31, 2021**

**A. Equity Share Capital (Refer Note 15):**

| **Particulars** | **Rs. in Crores** |
|---|---|
| **At the incorporation of the Company** | 0.01 |
| Issued during the period | 994.59 |
| **Balance as at March 31, 2021** | **994.60** |

**B. Share Warrants**

| **Particulars** | |
|---|---|
| **Balance as at March 04, 2020** | - |
| Issued during the period | 0.10 |
| **Balance as at March 31, 2021** | **0.10** |

**C. Other Equity**

| **Particulars** | **Notes** | **Reserves & Surplus** | | | **Other Items in OCI** | **Total** |
|---|---|---|---|---|---|---|
| | | **Capital Reserve On account of Business transfer from Piramal Enterprise Limited (Holding Company) to the Company** | **Securities Premium** | **Retained Earnings** | **Cash Flow Hedging Reserve** | |
| Balance as at March 04, 2020 | | - | - | - | - | - |
| Acquired from Piramal Enterprises Limited through business transfer agreement (refer note 48) | **16** | (392.00) | - | - | - | (392.00) |
| **Adjusted balance as at March 04, 2020** | | **(392.00)** | **-** | **-** | **-** | **(392.00)** |
| Add: Cash balance not taken over (including generated out of operations for the period from March 4, 2020 to October 5, 2020) (Refer Note 48) | | (326.34) | - | - | - | (326.34) |
| Profit after tax for the period | | - | - | 571.50 | - | 571.50 |
| Other Comprehensive Expense (net of tax expense) for the period | | - | - | (2.46) | 5.73 | 3.27 |
| Issue of Equity Shares (Refer Note 48) | | - | 3,249.49 | - | - | 3,249.49 |
| **Balance as at March 31, 2021** | | **(718.34)** | **3,249.49** | **569.04** | **5.73** | **3,105.92** |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes
In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, June 01, 2021

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

**Nandini Piramal**
Director
DIN : 00286092

**Rajesh Laddha**
Director
DIN : 02228042

**Vivek Valsaraj**
Chief Financial Officer

**Tanya DCosta**
Company Secretary

Mumbai, May 11, 2021

## 1. GENERAL INFORMATION

Piramal Pharma Limited (PPL) (including its subsidiaries) is one of India's largest pharmaceutical companies.

In Pharma, through end-to-end manufacturing capabilities across 13 global facilities and a large global distribution network to over 100 countries, The Group sells a portfolio of niche differentiated pharma products and provides an entire pool of pharma services (including in the areas of injectable, HPAPI etc.). The Company is also strengthening its presence in the Consumer Products segment in India.

PPL is a public limited Company incorporated and domiciled in India and has its registered office at Mumbai, India.

## 2a. SIGNIFICANT ACCOUNTING POLICIES

### i) Basis of preparation of financial statements

**Compliance with Ind AS**

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other relevant provisions of the Act.

This being the first year of operations, financial statements are prepared for the period starting from March 04, 2020 to March 31, 2021 (the period).

**Historical Cost convention**

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair value.
New and amended standards adopted by the Company

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing April 01, 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- COVID-19 related concessions – amendments to Ind AS 116

The amendments listed above did not have any impact/ material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### ii) Investments in subsidiaries & associates

**Subsidiaries:**
Subsidiaries are all entities (including structured entities) over which the group has control. The Company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

**Associates:**
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not control or joint control over those policies.

### iii) Common control transactions :

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follows:

1) The assets and liabilities of the combining entities are reflected at their carrying amounts. The Company has made accounting policy choice to account investment in associates and joint venture at a carrying cost as appearing in the books of acquiree.

2) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.

3) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of capital employed of the business of transferor is transferred to capital reserve.

4) The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of combination. However, where the business combination had occured after that date, the prior period information is restated only from that date.

iii) **Property, Plant and Equipment**

Freehold Land is carried at historical cost. All other items of Property Plant & Equipment are stated at cost of acquisition, less accumulated depreciation and accumulated impairment losses, if any. Direct costs are capitalised until the assets are ready for use and includes freight, duties, taxes and expenses incidental to acquisition and installation. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred. Subsequent expenditures related to an item of Property Plant & Equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company and cost can be reliably measured.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, Plant and Equipment are recognised in the Statement of Profit and Loss.

**Depreciation**
Depreciation is provided on a pro-rata basis on the straight line method ('SLM') over the estimated useful lives of the assets specified in Schedule II of the Companies Act, 2013/ on the basis of technical evaluation, which are as follows:

| **Asset Class** | **Useful life** |
|---|---|
| Buildings* | 10 years - 60 years |
| Roads | 10 years |
| Furniture & Fixtures | 3 years - 15 years |
| Plant & Equipment | 3 years - 20 years |
| Continuous Process Plant | 25 years |
| Office Equipment | 3 years - 15 years |
| Motor Vehicles | 8 years |

*Useful life of leasehold improvements is as per lease period

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

iv) **Intangible Assets**
Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.
Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.

The research and development (R&D) cost is accounted in accordance with Ind AS - 38 'Intangibles'.

**Research**
Research costs, including patent filing charges, technical know-how fees, testing charges on animal and expenses incurred on development of a molecule till the stage of Pre-clinical studies and till the receipt of regulatory approval for commencing phase I trials are treated as revenue expenses and charged off to the Statement of Profit and Loss of respective year.

**Development**
Development costs relating to design and testing of new or improved materials, products or processes are recognized as intangible assets and are carried forward under Intangible Assets under Development until the completion of the project when they are capitalised as Intangible assets, if the following conditions are satisfied:

- It is technically feasible to complete the asset so that it will be available for use;
- Management intends to complete the asset and use or sell it;
- There is an ability to use or sell the asset;
- It can be demonstrated how the asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- The expenditure attributable to the asset during its development can be reliably measured.

Intangible Assets with finite useful lives are amortized on a straight line basis over the following period:

| **Asset Class** | **Useful life** |
|---|---|
| Brands and Trademarks | 10 - 15 years |
| Copyrights, Know-how (including qualifying Product Development Cost) and Intellectual property rights | 4 - 15 years |
| Computer Software | 3 - 6 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

v) **Impairment of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. For the purposes of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets, is considered as a cash generating unit. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists or may have decreased, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

vi) **Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Investments and Other Financial Assets**

Classification
The Company classifies its financial assets in the following measurement categories:

• those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

• those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

<u>Subsequent Measurement</u>

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**Amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. Subsequently, these are measured at amortised cost using the Effective Interest Method less any impairment losses.

**Fair value through profit or loss (FVTPL):**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit and loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss ("ECL") allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets
A financial asset is derecognised only when:
- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Foreign exchange gains and losses
The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

**Financial liabilities and equity instruments**
**Classification as debt or equity**
Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity Instrument**
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.

**Compulsorily Convertible Preference Shares**

Compulsorily Convertible Preference Shares are classified as a financial liability measured at amortised cost until it is extinguished on conversion.

**Financial liabilities**
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**Foreign exchange gains and losses**
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments

**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 fair values are accounted for as contributions and recognised as part of the cost of the investment.

**Derecognition of financial liabilities**
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

**Derivatives and hedging activities**
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability
(i) Cash flow hedges that qualify for hedge accounting:
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).
(ii) Derivatives that are not designated as hedges:
The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

**Embedded derivatives**
Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

**Offsetting Financial Instruments**
Financial Assets and Liabilities are offset and the net amount is reflected in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.

vii) **Trade Receivables**
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

viii) **Inventories**
Inventories comprise of Raw and Packing Materials, Work in Progress, Finished Goods (Manufactured and Traded) and Stores and Spares. Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on Weighted Average basis. Cost includes all charges in bringing the goods to their present location and condition, including other levies, transit insurance and receiving charges. The cost of Work-in-progress and Finished Goods comprises of materials, direct labour, other direct costs and related production overheads as applicable. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

ix) **Employee Benefits**
(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations
The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur. Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

(iii) Post-employment obligations
The company operates the following post-employment schemes:
- Defined Contribution plans such as provident fund, superannuation, pension, employee state insurance scheme
- Defined Benefit plans such as provident fund and Gratuity

In case of Provident fund, contributions are made to a Trust administered by the Company, except in case of certain employees, where the Contributions are made to the Regional Provident Fund Office.
Defined Contribution Plans
The Company's contribution to provident fund (in case of contributions to the Regional Provident Fund office), pension and employee state insurance scheme are considered as defined contribution plans, as the Company does not carry any further obligations apart from the contributions made on a monthly basis and are charged as an expense based on the amount of contribution required to be made.

Defined Benefit Plan

The liability or asset recognised in the Balance Sheet in respect of defined benefit provident and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets (excluding interest income) are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Bonus Plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

x) **Provisions and Contingent Liabilities**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

xi) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

**Sale of goods:** Revenue from the sale of goods is recognised when the Company transfers Control of the product. Control of the product transfers upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the product shipped. Amounts disclosed as revenue are net off returns, trade allowances, rebates and indirect taxes.

**Sale of Services:** In contracts involving the rendering of services/development contracts, revenue is recognised at the point in time in which services are rendered. In case of fixed price contracts, the customer pays a fixed amount based on the payment schedule. If the services rendered by the Company exceed the payment, a Contract asset (Unbilled Revenue) is recognised. If the payments exceed the services rendered, a contract liability (Deferred Revenue) is recognised.
If the contracts involve time-based billing, revenue is recognised for the amount to which the Company has a right to invoice.

**Interest:** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

**Dividend:** Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

xii) **Foreign Currency Transactions**

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency viz. Indian Rupee are recognised at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of profit and loss. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

xiii) **Exceptional Items**

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

xiv) **Leases**

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing March 04, 2020:

(a) IND AS 116, Leases

Effective March 04, 2020, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on March 04, 2020 using the modified retrospective method of transition. The Company's lease asset classes primarily consist of leases for land & buildings.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. 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

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

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

The Company's lease asset classes primarily consist of leases for land, buildings and IT assets.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date

2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

xv) **Taxes on Income**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

xvi) **Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

xvii) **Borrowing Costs**

General and specific borrowing costs directly attributable to acquisition or construction of qualifying assets (i.e. those Property Plant & Equipments which necessarily take a substantial period of time to get ready for their intended use) are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

xviii) **Segment Reporting**

In accordance with Ind AS 108 'Operating Segments', segment information has been given in the consolidated financial statements of the Company, which are presented in the same annual report and therefore, no separate disclosure on segment information is given in these financial statements.

xix) **Standards issued but not yet effective**
Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

xx) **Dividends**
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xxi) **Rounding of amounts**
All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crores as per the requirement of Schedule III, unless otherwise stated.

xxii) **Insurance Claim**
Insurance Claim is recorded as an income on the basis of filing of insurance claim and corresponding claim receivable is recognised as an asset.

**2b. Critical accounting judgements and key sources of estimation uncertainties**

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

i **Estimation of uncertainty relating to COVID-19 global health pandemic**
In assessing the recoverability of receivables and intangible assets the Company has considered internal and external sources of information, including economic forecasts and industry reports up to the date of approval of these standalone financial statements. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the carrying amount of these assets represent the company's best estimate of the recoverable amounts. As a result of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will continue to monitor any changes to the future economic conditions. Also refer note 3, 9 and 44(a).

ii **Impairment loss in Investments carried at cost:**
The Company conducts impairment reviews of investments in subsidiaries / associates whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which base on future cash flows and a suitable discount rate in order to calculate the present value.

**PIRAMAL PHARMA LIMITED**
**Notes to financial statements for the Period ended March 31, 2021**

### 3. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rs. in Crores

| Particulars | GROSS CARRYING AMOUNT | | | | ACCUMULATED DEPRECIATION / AMORTISATION | | | | NET CARRYING AMOUNT |
|---|---|---|---|---|---|---|---|---|---|
| | Balance Acquired As at March 4, 2020 refer note ** | Additions | Deductions/ Adjustments | As at Mar 31, 2021 (A) | Balance Acquired As at March 4, 2020 refer note ** | For the Period # | Deductions/ Adjustments | As at Mar 31, 2021 (B) | As at Mar 31, 2021 (A-B) |
| **Tangible Assets** | | | | | | | | | |
| Land Freehold @ | 21.03 | - | - | **21.03** | - | - | - | **-** | **21.03** |
| Buildings @ | 737.80 | 15.15 | 14.82 | **738.13** | 62.15 | 19.62 | 6.66 | **75.11** | **663.02** |
| Roads | 2.08 | - | - | **2.08** | 0.63 | 0.24 | - | **0.87** | **1.21** |
| Plant & Equipment | 872.66 | 67.95 | 27.52 | **913.09** | 276.38 | 71.64 | 15.10 | **332.92** | **580.17** |
| Furniture and fixtures | 28.37 | 1.56 | 1.75 | **28.18** | 11.05 | 2.76 | 1.15 | **12.66** | **15.52** |
| Motor Vehicles | 0.86 | 0.02 | - | **0.88** | 0.40 | 0.11 | - | **0.51** | **0.37** |
| Office equipment | 25.65 | 2.87 | 2.71 | **25.81** | 12.20 | 4.60 | 1.45 | **15.35** | **10.46** |
| **Total (I)** | **1,688.45** | **87.55** | **46.80** | **1,729.20** | **362.81** | **98.97** | **24.36** | **437.42** | **1,291.78** |
| **Intangible Assets (Acquired) *** | | | | | | | | | |
| Brands and Trademarks | 451.51 | - | - | **451.51** | 123.59 | 34.46 | - | **158.05** | **293.46** |
| Copyrights, Know-how and Intellectual property rights | 17.79 | - | - | **17.79** | 8.78 | 1.76 | - | **10.54** | **7.25** |
| Computer Software | 34.12 | 7.21 | 0.87 | **40.46** | 19.73 | 6.27 | 0.78 | **25.22** | **15.24** |
| **Intangible Assets (Internally Generated)** | | | | | | | | | |
| Product Know-how | 2.32 | 6.57 | 2.32 | **6.57** | 1.46 | 1.05 | 1.57 | **0.94** | **5.63** |
| **Total (II)** | **505.74** | **13.78** | **3.19** | **516.33** | **153.56** | **43.54** | **2.35** | **194.75** | **321.58** |
| **Grand Total (I+II)** | **2,194.19** | **101.33** | **49.99** | **2,245.53** | **516.37** | **142.51** | **26.71** | **632.17** | **1,613.36** |

*** Material Intangible Assets as on March 31, 2021:**

| Asset Class | Carrying Value as at March 31, 2021 | Remaining useful life as on March 31, 2021 |
|---|---|---|
| Product-related Intangibles - Brands and Trademarks | 293.46 | 3 years to 12 years |

** Refer Note 48
# Depreciation for the period ended March 31, 2021 includes depreciation amounting to Rs.9.12 Crores on assets used for Research and Development locations at Ennore and Mumbai.
+ Certain Brands are in the process of being registered in the name of the Company, for which the necessary application has been made with trade mark registry.

@ These land and buildings were acquired, pursuant to Business Transfer Agreement between the Company and Piramal Enterprises Limited (refer note 48). Company is in the process of transferring title deeds in it's name.

Considering internal and external sources of information, the Company has evaluated at the end of the reporting period, whether there is any indication that any intangible asset may be impaired. Where such indication exists, the Company has estimated the recoverable amount of the intangible assets based on 'value in use' method. The financial projections on the basis of which the future cash flows have been estimated consider (a) an increase in economic uncertainties due to COVID-19, (b) reassessment of the discount rates, (c) revisiting the growth rates factored while arriving at terminal value, and these variables have been subjected to a sensitivity analysis. The carrying amount of the intangible assets represent the Company's best estimate of the recoverable amounts.

Refer Note 34B for the contractual capital commitments for purchase of Property, Plant & Equipment

**Piramal Pharma Limited**
**Notes to financial statements for the Period ended March 31, 2021**

**4. Investments**

**Investments - Non Current: (Refer note 48)**

| | **Particulars** | | As at Mar 31, 2021 (Rs. in Crores) |
|---|---|---|---|
| **Investments in Equity Instruments (fully paid up, unless otherwise stated):** | | | |
| **A.** | **In Subsidiaries (Unquoted) - At cost:** | | |
| i. | Piramal Healthcare Inc. | | |
| | Equity Contribution | 55.67 | |
| | Capital Contribution (Guarantee) | 30.77 | 86.44 |
| ii. | Piramal Dutch Holdings N.V. | | 1,390.54 |
| iii. | Piramal Healthcare UK Limited (Capital Contribution - Guarantee) | | 1.06 |
| iv. | Piramal Healthcare Canada Limited(Capital Contribution - Guarantee) | | 2.21 |
| v. | PEL Pharma Inc. | | 6.54 |
| vi. | Convergence Chemicals Private Limited (CCPL)* | | 100.81 |
| | | | **1,587.60** |
| **C.** | **In Associates :**<br>**Unquoted - At Cost:** | | |
| i. | Allergan India Private Limited | | 3.92 |
| | | | **3.92** |
| | **Non Current Investments** | | **1,591.52** |

* CCPL was joint venture between the Company and Navin Fluorine International Limited upto February 24, 2021, having carrying value of Rs. 35.71 Crores as on that date. On February 24, 2021, the Company has acquired balance 49% stake held by Navin Fluorine International Limited in CCPL for a cash consideration of Rs. 65.10 Crores. Post this acquisition, CCPL is a wholly owned subsidiary of the Company.

Piramal Pharma Limited
Notes to financial statements for the Period ended March 31, 2021

| | As at Mar 31, 2021 Rs. in Crores |
|---|---|
| **5. LOANS - NON-CURRENT** | |
| **Loans (Unsecured And Considered Good)** | |
| Loans to related parties (refer Note 36) | 613.81 |
| **TOTAL** | **613.81** |

| | |
|---|---|
| **6. OTHER FINANCIAL ASSETS - NON-CURRENT** | |
| Security Deposits | 10.75 |
| **TOTAL** | **10.75** |

| | |
|---|---|
| **7. OTHER NON-CURRENT ASSETS** | |
| Capital Advances | 1.43 |
| Advances recoverable | 23.85 |
| **TOTAL** | **25.28** |

| | As at Mar 31, 2021 Rs. in Crores |
|---|---|
| **8. INVENTORIES** | |
| Raw and Packing Materials (Includes in transit of Rs.0.24 Crores) | 213.43 |
| Work-in-Progress | 145.39 |
| Finished Goods | 34.65 |
| Stock-in-trade | 1.73 |
| Stores and Spares | 25.68 |
| **TOTAL** | **420.88** |

**Note:**

1. The cost of inventories recognised as an expense during the period was Rs. 1,275.27 Crores.
2. The cost of inventories recognised as an expense includes Rs. 0.37 Crores in respect of write downs of inventory to net realisable value and expense of Rs. 13.60 Crores in respect of provisions for slow moving/non moving/expired/near expiry products.
3. Refer note 2(a)(viii) for policy for valuation of inventories.
4. Refer note 19 for inventories hypothecated as security against borrowings.

| | | As at Mar 31, 2021 Rs. in Crores |
|---|---|---|
| **9. TRADE RECEIVABLES (Unsecured)** | | |
| (a) Considered Good | 841.48 | |
| Less: Expected Credit Loss on (a) | (1.73) | 839.75 |
| (b) Considered Doubtful | 22.90 | |
| Less: Expected Credit Loss on (b) | (22.90) | |
| **TOTAL** | | **839.75** |

The credit period on sale of goods generally ranges from 7 to 150 days.

The Company has a Credit Risk Management Policy for its Pharmaceuticals Manufacturing and Services business. For every new customer (except established large pharma companies), Company performs a credit rating check using an external credit agency. If a customer clears the credit rating check, the credit limit for that customer is derived using internally documented scoring systems. The credit limits for all the customers are reviewed on an annual basis.

Of the Trade Receivables balance as at March 31, 2021 of Rs. 839.75 Crores, the top 3 customers of the Company represent the balance of Rs. 303.88 Crores as at March 31, 2021. There were four customers who represent more than 5% of total balance of Trade Receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for External Trade Receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience, adjusted for forward looking information including the likelihood of increased credit risk considering emerging situations due to COVID-19 based on external sources of information. The Company has concluded that the carrying amount of the trade receivables represent the Company's best estimate of the recoverable amounts. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as under:

**As at**
**Mar 31, 2021**
**Rs. in Crores**

| **Ageing** | **Expected credit loss (%) - For external customers** |
|---|---|
| Less than 365 days | 0.30% |
| More than 365 days | 100.00% |

(Rs. in Crores)

| **Ageing of Expected credit loss** | **March 31, 2021** |
|---|---|
| Within due date | 1.43 |
| After Due date | 23.20 |

(Rs. in Crores)

| **Ageing of receivables** | **As at March 31, 2021** |
|---|---|
| Less than 365 days | 813.69 |
| More than 365 days | 50.68 |
| **Total** | **864.37** |

| **Movement in Expected Credit Loss Allowance:** | **Period ended March 31, 2021** |
|---|---|
| Balance at the beginning of the period | 14.06 |
| Add: Net Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | 10.57 |
| **Balance at the end of the period** | **24.63** |

Refer Note 36 for the receivables from Related Parties
Refer note 19 for trade receivables hypothecated as security against borrowings.

**Piramal Pharma Limited**

**Notes to financial statements for the Period ended March 31, 2021**

| | As at Mar 31, 2021 Rs. in Crores |
|---|---|
| **10. CASH AND CASH EQUIVALENTS** | |
| **- Cash and Cash equivalents** | |
| i. Balance with Banks : | |
| - Current Accounts | 146.62 |
| ii. Cash on Hand | 0.11 |
| **TOTAL** | **146.73** |
| **11. OTHER BANK BALANCES** | |
| Margin Money | 5.62 |
| **TOTAL** | **5.62** |
| **12. LOANS - CURRENT (Unsecured and Considered Good)** | |
| AT AMORTISED COST : | |
| Loans Receivables from Related Parties (refer note 36) | 10.60 |
| **TOTAL** | **10.60** |
| **13. OTHER FINANCIAL ASSETS - CURRENT** | |
| Security Deposits | 4.69 |
| Guarantee Commission receivable | 0.32 |
| Derivative Financial Assets | 16.36 |
| Unbilled revenues # | 21.47 |
| Other Receivables from Related Parties | 41.64 |
| Interest Accrued | 0.16 |
| Others * | 15.64 |
| **TOTAL** | **100.28** |

# Classified as financial asset as right to consideration is unconditional upon passage of time.

* Mainly includes insurance claim of Rs. 6.42 Crores toward fire at Ennore plant

| | |
|---|---|
| **14. OTHER CURRENT ASSETS** | |
| Unsecured and Considered Good : | |
| - Advances | 70.12 |
| Balance with Government Authorities | 161.50 |
| Prepayments | 7.69 |
| Claims Receivable | 4.33 |
| **TOTAL** | **243.64** |

| | As at Mar 31,2021 Rs. in Crores |
|---|---|
| **15. SHARE CAPITAL** | |
| **AUTHORISED SHARE CAPITAL** | |
| 150,00,00,000 equity shares of Rs. 10 each | 1,500.00 |
| 10,00,00,000 compulsorily convertible preference shares of Rs. 10 each | 100.00 |
| | **1,600.00** |
| **ISSUED, SUBSCRIBED & PAID UP CAPITAL** | |
| 99,46,02,064 equity shares of face value of Rs. 10 each fully paid. | 994.60 |
| **TOTAL** | **994.60** |

(i) **Movement in Equity Share Capital**

| | As at March 31, 2021 | |
|---|---|---|
| **Particulars** | **No. of shares** | **Rs. in Crores** |
| At the incorporation of the Company | 10,000 | 0.01 |
| **Add: Issued during the period** | | |
| Rights Issue - Piramal Enterprises Limited | 78,50,00,000 | 785.00 |
| Preferential Issue - Piramal Enterprises Limited | 1,06,71,651 | 10.67 |
| Preferential Issue - CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) | 19,89,20,413 | 198.92 |
| **At the end of the period** | **99,46,02,064** | **994.60** |

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

| | As at March 31, 2021 | |
|---|---|---|
| **Particulars** | **No. of shares** | **% Holding** |
| Piramal Enterprises Limited - Parent Company | 79,56,81,651 | 80.00% |
| CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) | 19,89,20,413 | 20.00% |

(iii) **Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the balance sheet date:**

| **Particulars** | **Financial Year** | **No. of shares** |
|---|---|---|
| Allotment of equity shares of face value Rs. 10 each fully paid-up in lieu of transfer of stake held by Piramal Enterprises Limited in Piramal Healthcare Inc. to the Company. | 2020-21 | 1,06,71,651 |

(iv) **Terms and Rights attached to equity shares**

Equity Shares:

The Company has one class of equity shares having a face value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend if declared 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.

(v) **Share Warrants:**

| | Rs. in Crores |
|---|---|
| **Balance as at March 04, 2020** | - |
| Issued during the period (10,00,00,000 share warrants having face value Rs. 10/- each were issued to Piramal Enterprises Limited) | 0.10 |
| **Balance as at March 31, 2021** | **0.10** |

An amount equivalent to 0.1% of the warrant price was paid at the time of subscription by warrant holder and the balance 99.99% of the warrant price shall be payable by the warrant holder against each warrant at the time of allotment of equity shares pursuant to exercise of the option attached to the warrants to subscribe to equity shares. The exercise price is higher than Rs. 10 or such price as agreed between Piramal Enterprises Limited and the Company.
The Warrants shall not be exercisable prior to the October 6, 2021. All Warrants that are not converted into Equity Shares on October 6, 2021 shall lapse. Each Warrant will convert to 1 Equity Share.

(vi) Refer note 19 for Compulsory Convertible Preference Shares

| **16. OTHER EQUITY** | **As at Mar 31,2021 Rs. in Crores** |
|---|---|
| Capital Reserve | (718.34) |
| This reserve is outcome of Business transfer (Business combination) from Piramal Enterprises Ltd (Holding Company) to the Company. | |
| Securities Premium | 3,249.49 |
| Securities Premium is on account of issue of equity shares. The reserve will be utilised in accordance with the provision of the Companies Act, 2013. | |
| Cash Flow Hedging Reserve | 5.73 |
| The Company uses hedging instruments as part of its management of foreign currency risk associated with its Foreign Currency forecasted sales. Amounts recognised in cash flow hedging reserve is reclassified to Statement of Profit and Loss when the hedged items affect the statement of Profit and Loss. To the extent these hedges are effective, the change in the fair value of hedging instrument is recognised in the Cash Flow Hedging Reserve. (Refer Note 44(e)) | |
| Retained Earnings | 569.04 |
| **TOTAL** | **3,105.92** |

Note - Refer Statement of Changes in Equity for movement in reserve

| | | As at Mar 31,2021 Rs. in Crores |
|---|---|---|
| **17. NON-CURRENT PROVISIONS** | | |
| Provision for employee benefits (Refer note 35) | | 6.59 |
| **TOTAL** | | **6.59** |
| **18. DEFERRED TAX LIABILITIES (NET)** | | |
| **Deferred Tax Liabilities/(Assets) on account of temporary differences :** | | |
| - Property, Plant and Equipment and Intangible Assets | 167.25 | |
| - Fair value measurement of derivative contracts | 4.30 | |
| - Recognition of lease rent expense | (0.07) | |
| - Remeasurement of defined benefit obligation | (0.82) | |
| - Expected Credit Loss on Trade Receivables | (0.24) | |
| | | **170.42** |

Refer Note 46 for movement during the period

**Piramal Pharma Limited**
**Notes to financial statements for the Period ended March 31, 2021**

| | | As at Mar 31,2021 Rs. in Crores |
|---|---|---|
| **19. BORROWINGS - CURRENT** | | |
| **Secured - At Amortised Cost** | | |
| Loans from banks : | | |
| - Working capital Demand Loan | 30.00 | |
| - Packing Credit Loan in Foreign Currency (PCFC) | 60.20 | |
| | | 90.20 |
| **Unsecured** | | |
| Compulsory Convertible Preference Shares (CCPS) at Rs. 10 each @ | | 75.00 |
| **TOTAL** | | **165.20** |

**Note:**

| Description of loan | Terms of repayment | Rate of Interest |
|---|---|---|
| | | |
| **Secured Loans:** | | |
| Working capital Demand Loan* | At Call | 5.55 % per annum |
| PCFC* | At Call | 0.74 % per annum |

*These are secured by first pari-passu charge over entire current assets of the Company, both present and future

@ CCPS shall compulsorily and mandatorily be converted into Equity Shares on October 6, 2021. Conversion price for CCPS shall be above the price determined in accordance with the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended from time to time.
Dividend @ 0.00001% shall be payable to the investor at the end of the 15 month period from the date of issuance i.e. October 6, 2020.
Investor shall not have voting rights in respect of CCPS until the CCPS are fully converted.

| | |
|---|---|
| **20. OTHER FINANCIAL LIABILITIES - CURRENT** | |
| Employee related liabilities | 37.26 |
| Payable to related party (Holding Company) (Refer note 36) | 592.00 |
| Capital Creditors | 1.73 |
| Security Deposits Received | 2.53 |
| **TOTAL** | **633.52** |
| **21. OTHER CURRENT LIABILITIES** | |
| Advances from Customers | 33.25 |
| Statutory Dues | 3.91 |
| Deferred Revenue | 9.41 |
| **TOTAL** | **46.57** |
| **22. CURRENT PROVISIONS** | |
| Provision for Employee Benefits (Refer note 35) | 30.88 |
| **TOTAL** | **30.88** |
| **23. CURRENT TAX LIABILITIES (NET)** | |
| Provision for Income Tax (Net of advance Tax of Rs.95.29 Crores) | 9.69 |
| **TOTAL** | **9.69** |

**Piramal Pharma Limited**
**Notes to Statement of Profit and Loss for the period March 04,2020 to March 31, 2021**

| | | For the period March 04, 2020 To March 31, 2021 |
|---|---|---|
| | | **Rs. in Crores** |
| **24. REVENUE FROM OPERATIONS** | | |
| **REVENUE FROM CONTRACTS WITH CUSTOMERS** | | |
| Sale of products | 2,477.52 | |
| Sale of Services | 422.23 | 2,899.75 |
| Other operating revenues: | | |
| -Miscellaneous Income * | 39.06 | 39.06 |
| **TOTAL** | | **2,938.81** |

* Includes insurance claim of Rs. 5.39 Crores in respect of Ennore fire.

**Disaggregate Revenue Information**

The table below presents disaggregated revenues from contracts with customers by major product and timing of transfer of goods or services for each of our business segments. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cashflows are affected by industry, market and other economic factors.

**Pharmaceuticals**

| Revenue by product line/ timing of transfer of goods/ services | For the period March 04, 2020 to March 31, 2021 | |
|---|---|---|
| | **At Point in time** | **Over time** |
| Pharma | 1,950.32 | 422.23 |
| Over the counter products | 527.20 | - |
| **Total** | **2,477.52** | **422.23** |

**Reconciliation of revenue recognised with contract price**

(Rs. in Crores)

| Particulars | For the period March 04, 2020 to March 31, 2021 |
|---|---|
| Sale of products and services at transaction price | 3,013.04 |
| Less: Discounts | (113.29) |
| **Revenue recognised on sale of products and services** | **2,899.75** |

**25. OTHER INCOME**

| | |
|---|---|
| Interest Income on Financial Assets (at amortized costs) | 20.70 |
| Dividend Income | |
| - On Non-current Equity Instruments in Associates | 124.54 |
| Profit on Sale of Property Plant & Equipment (Net) | 0.33 |
| Other Gains & Losses: | |
| - Foreign Exchange Gain (Net) | 37.10 |
| Write back of liabilities no longer payable | 6.74 |
| Miscellaneous Income | 8.56 |
| **TOTAL** | **197.97** |

Piramal Pharma Limited
Notes to Statement of Profit and Loss for the period March 04,2020 to March 31, 2021

| | | For the period March 04, 2020 To March 31, 2021 |
|---|---|---|
| | | Rs. in Crores |
| **26. COST OF MATERIALS CONSUMED** | | |
| Balance acquired as at March 4, 2020 (refer note 48) | | 171.74 |
| Add: Purchases | | 1,070.53 |
| Less: Closing Inventory | | 213.43 |
| **TOTAL** | | **1,028.84** |
| **27. PURCHASES OF STOCK-IN-TRADE** | | |
| Traded Goods | | 141.07 |
| **TOTAL** | | **141.07** |
| **28. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE** | | |
| **BALANCE ACQUIRED AS AT MARCH 4, 2020 (refer note 48) :** | | |
| Work-in-Progress | 193.04 | |
| Finished Goods | 46.59 | 239.63 |
| **CLOSING STOCKS :** | | |
| Work-in-Progress | 145.39 | |
| Finished Goods | 34.65 | |
| Stock-in-trade | 1.73 | 181.77 |
| **TOTAL** | | **57.86** |
| **29. EMPLOYEE BENEFITS EXPENSE** | | |
| Salaries and Wages (including corporate Expense allocation pertaining to pharma business transferred to the Company Rs. 25.92 Crores). | | 346.43 |
| Contribution to Provident and Other Funds (Refer Note 35) | | 15.06 |
| Gratuity Expenses (Refer Note 35) | | 5.54 |
| Staff Welfare | | 28.12 |
| **TOTAL** | | **395.15** |
| **30. FINANCE COSTS** | | |
| Finance Charge on financial liabilities measured at amortised cost | | 4.71 |
| **TOTAL** | | **4.71** |

**Piramal Pharma Limited**
**Notes to Statement of Profit and Loss for the period March 04,2020 to March 31, 2021**

| | | For the period March 04, 2020 To March 31, 2021 |
|---|---|---|
| | | **Rs. in Crores** |
| **31. OTHER EXPENSES** | | |
| Processing Charges | | 8.58 |
| Consumption of Stores and Spares Parts | | 47.50 |
| Consumption of Laboratory materials | | 44.83 |
| Power, Fuel and Water Charges | | 68.08 |
| Repairs and Maintenance | | |
| Buildings | 16.71 | |
| Plant and Machinery | 33.79 | |
| Others | 0.04 | 50.54 |
| Rent | | |
| Premises | 4.90 | |
| Other Assets | 6.10 | 11.00 |
| Rates & Taxes | | 15.57 |
| Insurance | | 13.02 |
| Travelling Expenses | | 15.40 |
| Directors' Commission | | 0.45 |
| Directors' Sitting Fees | | 0.03 |
| Expected Credit Loss on Trade Receivables | | 10.57 |
| Loss due to fire | | 5.74 |
| Advertisement and Business Promotion Expenses | | 85.53 |
| Donations | | 1.49 |
| Freight | | 42.10 |
| Export Expenses | | 2.25 |
| Clearing and Forwarding Expenses | | 5.74 |
| Communication and Postage | | 5.96 |
| Printing and Stationery | | 4.56 |
| Claims | | 3.99 |
| Legal Charges | | 1.70 |
| Professional Charges | | 29.18 |
| Royalty Expense | | 26.26 |
| Service Charges (including corporate Expense allocation pertaining to pharma business transferred to the Company Rs. 27.43 Crores) | | 101.29 |
| Information Technology Costs | | 7.05 |
| R & D Expenses (net) | | 69.14 |
| Miscellaneous Expenses | | 19.41 |
| **TOTAL** | | **696.96** |

Note:
For the company, since this is the first reporting period, Corporate Social Responsibility expenses requirement under Companies Act, 2013 are not applicable.

**Piramal Pharma Limited**
**Notes to Statement of Profit and Loss for the period March 04,2020 to March 31, 2021**

| | For the period March 04, 2020 To March 31, 2021 |
|---|---|
| | Rs. in Crores |

### 32. Exceptional Items

| | |
|---|---|
| Write off of certain property plant and equipment and intangible assets under development pertaining to Mumbai R & D center | (37.43) |
| Mark to market gains on forward contracts taken against the inflow from equity investment from Carlyle | 100.85 |
| Certain transaction cost related to business combination (refer note 48) | (45.19) |
| **TOTAL** | **18.23** |

### 33. OTHER COMPREHENSIVE INCOME / (EXPENSE) (NET OF TAXES)

| | |
|---|---|
| Remeasurement of post-employment benefit obligations | (2.46) |
| Deferred gains / (losses) on cash flow hedge | 5.73 |
| **TOTAL** | **3.27** |

| | As at March 31, 2021 Rs. in Crores |
|---|---|
| **34 Contingent Liabilities and Commitments** | |
| **A Contingent Liabilities :** | |
| i. Appeals filed in respect of disputed demands: | |
| Sales Tax | 1.06 |
| Central / State Excise / Service Tax / Custom | 13.38 |
| Labour Matters | 1.10 |
| Stamp Duty | 9.37 |
| Claim by third party against the company not acknowledge as debt | 3.00 |
| Note: Future cash outflows in respect of above are determinable only on receipt of judgments/decisions pending with various forums/authorities. | |
| ii. Unexpired Letters of Credit | 0.28 |
| **B Commitments :** | |
| a. Estimated amount of contracts remaining to be executed on capital account and not provided for | 34.07 |
| b. The Company has imported raw materials at concessional rates, under the Advance License Scheme of the Government of India, to fulfil conditions related to quantified exports in stipulated period | 12.96 |

Refer note 36.3 for performance gurantees

## 35 Employee Benefits :

Brief description of the Plans:
Other Long Term Employee Benefit Obligations:
Leave Encashment, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

Defined Contribution plans:
The Company's defined contribution plans are Provident Fund (in case of certain employees), Superannuation, Employees State Insurance Fund and Employees' Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions to such plans.

Post-employment benefit plans:
Gratuity for employees in India is as per 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 the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

The Company's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Company funds the plan on a periodical basis.
In case of certain employees, Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety, etc., within the overall ambit of the Provident Fund Trust Rules and investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, equity, mutual funds and other debt instruments.

**Interest risk**

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Longevity risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The gratuity plan is a funded plan and the Company makes contributions to trust administered by the Company. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The contributions made to the trust are recognised as plan assets. Plan assets in the Provident fund trust are governed by local regulations, including limits on contributions in each class of investments.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations, with the objective that assets of the gratuity / provident fund obligations match the benefit payments as they fall due. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

I. Charge to the Statement of Profit and Loss based on Defined Contribution Plans:

**(Rs. in Crores)**

| **Particulars** | **For the period March 4, 2020 to March 31, 2021** |
|---|---|
| Employer's contribution to Regional Provident Fund Office | 0.79 |
| Employer's contribution to Superannuation Fund | 0.08 |
| Employer's contribution to Employees' State Insurance | 0.21 |
| Employer's contribution to Employees' Pension Scheme 1995 | 2.24 |
| Employer's contribution to National Pension Scheme | 0.32 |

Included in Contribution to Provident and Other Funds and R&D Expenses (Refer Note 29 & 31)
the amounts mentioned above excludes charge to Statement of Profit and Loss on account of common control acquisition.

II. Disclosures for defined benefit plans based on actuarial valuation reports:

**A. Change in Defined Benefit Obligation**

**(Rs. in Crores)**

| **Particulars** | **(Funded)** | |
|---|---|---|
| | **Gratuity** | **Provident Fund** |
| | **Period Ended March 31, 2021** | |
| Present Value of Defined Benefit Obligation as at beginning of the period | - | - |
| Interest Cost | 1.41 | 0.23 |
| Current Service Cost | 1.02 | 4.72 |
| Past Contributions from employer | - | - |
| Contributions from plan participants | - | 8.14 |
| Liability Transferred In for Employees Joined | 46.63 | - |
| Liability Transferred Out for Employees left | - | - |
| Benefits Paid from the fund | - | - |
| Actuarial (Gains)/loss - due to change in Demographic Assumptions | (0.39) | - |
| Actuarial (Gains)/loss - due to change in Financial Assumptions | 0.22 | - |
| Actuarial (Gains)/loss - due to experience adjustments | 2.39 | (0.10) |
| **Present Value of Defined Benefit Obligation as at the end of the period** | **51.28** | **12.99** |

**B. Changes in the Fair Value of Plan Assets**

**(Rs. in Crores)**

| **Particulars** | **(Funded)** | |
|---|---|---|
| | **Gratuity** | **Provident Fund** |
| | **Period Ended March 31, 2021** | |
| Fair Value of Plan Assets as at beginning of the period | - | - |
| Interest Income | 1.41 | 0.23 |
| Contributions from employer | - | 12.86 |
| Contributions from plan participants | - | - |
| Assets Transferred In for Employees joined | 46.63 | - |
| Assets Transferred out for Employees left | - | - |
| Benefits Paid from the fund | - | - |
| Return on Plan Assets, Excluding Interest Income | (1.06) | (0.10) |
| **Fair Value of Plan Assets as at the end of the period** | **46.98** | **12.99** |

**C. Amount recognised in the Balance Sheet**

**(Rs. in Crores)**

| **Particulars** | **(Funded)** | |
|---|---|---|
| | **Gratuity** | **Provident Fund** |
| | **Period Ended March 31, 2021** | |
| Present Value of Defined Benefit Obligation as at the end of the period | 51.28 | 12.99 |
| Fair Value of Plan Assets as at end of the period | 46.98 | 12.99 |
| **Net Liability recognised in the Balance Sheet (Refer Note 17)** | **4.30** | - |

| | | |
|---|---|---|
| **Recognised under:** | | |
| **Non Current provision (Refer Note 17)** | **4.30** | **-** |

The Provident Fund has a surplus that is not recognised on the basis that future economic benefits are not available to the Company in the form of a reduction in future contributions or a cash refund due to local regulations.

The Company has no legal obligation to settle the deficit in the funded plan (Gratuity), if any, with an immediate contribution or additional one off contributions.

**D. Expenses recognised in Statement of Profit and Loss**

**(Rs. in Crores)**

| **Particulars** | **(Funded)** | |
|---|---|---|
| | **Gratuity** | **Provident Fund** |
| | **Period Ended March 31, 2021** | |
| Current Service Cost | 1.02 | 4.72 |
| **Total Expenses / (Income) recognised in the Statement of Profit And Loss*** | **1.02** | **4.72** |

*Included in Salaries and Wages, Contribution to Provident and Other Funds, Gratuity Fund and R&D Expenses (Refer Note 29 and 31). However does not include charge on account of common control acquisition (refer note 48).

**PIRAMAL PHARMA LIMITED**
**Notes to financial statements for the Period ended March 31, 2021**

**E. Expenses Recognized in the Other Comprehensive Income (OCI) for Current period**

(Rs. in Crores)

| Particulars | Gratuity |
|---|---|
| | Period Ended March 31, 2021 |
| Actuarial (Gains)/Losses on Obligation for the Period - Due to changes in demographic assumptions | (0.39) |
| Actuarial (Gains)/Losses on Obligation for the Period - Due to changes in financial assumptions | 0.22 |
| Actuarial (Gains)/Losses on Obligation for the Period - Due to experience adjustment | 2.39 |
| Return on Plan Assets, Excluding Interest Income | 1.06 |
| **Net (Income)/Expense for the Period Recognized in OCI** | **3.28** |

**F. Significant Actuarial Assumptions:**

(%)

| Particulars | (Funded) | |
|---|---|---|
| | Gratuity | Provident Fund |
| | Period Ended March 31, 2021 | |
| Discount Rate (per annum) | 6.49 | 6.49 |
| Expected Rate of return on Plan Assets (per annum) | 6.49 | 6.49 |
| Salary escalation rate | 9% for 3 years then 6% | N.A |

The expected rate of return on plan assets is based on market expectations at the closing of the period. The rate of return on long-term government bonds is taken as reference for this purpose.

In case of certain employees, the Provident Fund contribution is made to a Trust administered by the Company. In terms of the Guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident fund liability based on the assumptions listed above and determined that there is no shortfall at the end of each reporting period.

**G. Movements in the present value of net defined benefit obligation are as follows:**

(Rs. in Crores)

| Particulars | Gratuity |
|---|---|
| | As at March 31, 2021 |
| Opening Net Liability | - |
| Expenses Recognized in Statement of Profit or Loss | 1.02 |
| Expenses Recognized in OCI | 3.28 |
| Net Liability/(Asset) Transfer In | - |
| Net (Liability)/Asset Transfer Out | - |
| Benefit Paid Directly by the Employer | - |
| Employer's Contribution | - |
| **Net Liability/(Asset) Recognized in the Balance Sheet** | **4.30** |

**H. Category of Assets**

(Rs. in Crores)

| Particulars | Gratuity | Provident Fund |
|---|---|---|
| | As at March 31, 2021 | |
| Government of India Assets (Central & State) | 21.43 | 5.96 |
| Public Sector Unit Bonds | - | - |
| Corporate Bonds | 17.82 | 4.07 |
| Fixed Deposits under Special Deposit Schemes of Central Government* | 2.81 | - |
| Equity Shares of Listed Entities / Mutual Funds | 4.92 | 0.55 |
| Others* | - | 2.41 |
| **Total** | **46.98** | **12.99** |

* Except these, all the other investments are quoted.

**I. Other Details**

| Particulars | Gratuity |
|---|---|
| | As at March 31, 2021 |
| No of Active Members | 3,505 |
| Per Month Salary For Active Members (Rs. in Crores) | 10.07 |
| Average Expected Future Service (Years) | 7.00 |
| Projected Benefit Obligation (PBO) (Rs. in Crores) | 51.28 |
| Prescribed Contribution For Next Year (12 Months) (Rs. in Crores) | 8.57 |

**J. Cash Flow Projection: From the Fund**

**(Rs. in Crores)**

| **Projected Benefits Payable in Future Years From the Date of Reporting** | **Gratuity** |
|---|---|
| | **Estimated for period ended March 31, 2021** |
| 1st Following Year | 5.78 |
| 2nd Following Year | 3.77 |
| 3rd Following Year | 4.66 |
| 4th Following Year | 5.03 |
| 5th Following Year | 5.72 |
| Sum of Years 6 To 10 | 25.45 |

The Company's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Company funds the plan on a periodical basis.

In case of certain employees, Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety, etc., within the overall ambit of the Provident Fund Trust Rules and investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

Weighted average duration of the defined benefit obligation is 8 years.

**K. Sensitivity Analysis**

**(Rs. in Crores)**

| **Projected Benefit Obligation** | **Gratuity** |
|---|---|
| | **As at March 31, 2021** |
| Impact of +1% Change in Rate of Discounting | (3.38) |
| Impact of -1% Change in Rate of Discounting | 3.35 |
| Impact of +1% Change in Rate of Salary Increase | 3.36 |
| Impact of -1% Change in Rate of Salary Increase | (3.00) |

The above sensitivity analysis are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method

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

The liability for Leave Encashment (Non – Funded) as at period end is Rs. 30.39 Crores.

The liability for Long term Service Awards (Non – Funded) as at period end is Rs. 2.76 Crores.

PIRAMAL PHARMA LIMITED
Notes to financial statements for the Period Ended March 31, 2021

**36 Related Party Disclosures**

**1. List of related parties**

**A. Holding Company**
Piramal Enterprises Limited (PEL)

**B. Fellow Subsidiaries ***
PHL Fininvest Private Limited

**C. Subsidiaries**
The Subsidiary companies including step down subsidiaries :

| Name of the Company | Principal Place of Business | Proportion of Ownership interest held as at March 31, 2021 |
|---|---|---|
| Piramal Critical Care Italia, S.P.A** | Italy | 100% |
| Piramal Critical Care Deutschland GmbH** | Germany | 100% |
| Piramal Critical Care Limited ** | U.K. | 100% |
| Piramal Healthcare (Canada) Limited ** (Piramal Healthcare, Canada) | Canada | 100% |
| Piramal Critical Care B.V. ** | Netherlands | 100% |
| Piramal Pharma Solutions B.V. ** | Netherlands | 100% |
| Piramal Critical Care Pty. Ltd. ** | Australia | 100% |
| Piramal Healthcare UK Limited ** (Piramal Healthcare UK) | U.K. | 100% |
| Piramal Healthcare Pension Trustees Limited** | U.K. | 100% |
| Piramal Critical Care South Africa (Pty) Ltd ** | South Africa | 100% |
| Piramal Dutch Holdings N.V. | Netherlands | 100% |
| Piramal Healthcare Inc. @ | U.S.A | 100% |
| Piramal Critical Care, Inc. ** (PCCI) | U.S.A | 100% |
| Piramal Pharma Inc.** | U.S.A | 100% |
| Piramal Pharma Solutions Inc.** (Piramal Pharma Solutions) | U.S.A | 100% |
| PEL Pharma Inc.@ | U.S.A | 100% |
| PEL Healthcare LLC** (w.e.f June 26, 2020) | U.S.A | 100% |
| Ash Stevens LLC ** (Ash Stevens) | U.S.A | 100% |
| Convergence Chemicals Private Limited (Convergence) (w.e.f. February 25th, 2021) | India | 100% |

** held through Piramal Dutch Holdings N.V.

@ 10% held through PPL and 90% held through Piramal Dutch Holdings N.V.

**C. Associates and Joint Ventures**

| Name of the Entity | Principal Place of business | % voting power held as at March 31, 2021 | Relationship as at March 31, 2021 |
|---|---|---|---|
| Convergence Chemicals Private Limited (Convergence) (till February 24th,2021) | India | NA | NA |
| Allergan India Private Limited (Allergan) | India | 49.00% | Associate |

**D. Other related parties ***

Entities Controlled by Key Management Personnel :
Piramal Corporate Services Private Limited (PCSL)
Piramal Glass Limited (PGL)

Employee Benefit Trusts :
Piramal Pharma Ltd Employees PF trust

**E. Key Management Personnel (KMP)**
Mr. Peter De Young

**F. Non Executive/Independent Directors**
Mr. S. Ramadorai
Mr. Rajesh Laddha
Mr. Neeraj Bharadwaj
Mr. Jairaj Manohar Purandare
Ms. Nandini Piramal (Wife of Mr. Peter De Young-relative of KMP)
Mr. Vivek Valsaraj upto October 28, 2020

* where there are transactions during the current period

**(Rs. in Crores)**

**2. Details of transactions with related parties.**

| Details of Transactions | Holding company | Fellow subsidiaries | Subsidiaries | Joint Venture | Associates | Other Related Parties | Total |
|---|---|---|---|---|---|---|---|
| | **2021** | **2021** | **2021** | **2021** | **2021** | **2021** | **2021** |
| **Purchase of Goods** | | | | | | | |
| - PGL | - | - | - | - | - | 4.65 | 4.65 |
| - PCCI | - | - | 21.60 | - | - | - | 21.60 |
| - Piramal Healthcare UK | - | - | (0.09) | - | - | - | (0.09) |
| - Piramal Healthcare, Canada | - | - | 0.04 | - | - | - | 0.04 |
| - PEL | 49.80 | - | - | - | - | - | 49.80 |
| **TOTAL** | **49.80** | **-** | **21.55** | **-** | **-** | **4.65** | **76.00** |
| **Sale of Goods** | | | | | | | |
| - Allergan | - | - | - | - | 60.22 | - | 60.22 |
| - Piramal Healthcare UK | - | - | 15.73 | - | - | - | 15.73 |
| - PCCI | - | - | 103.14 | - | - | - | 103.14 |
| - Piramal Healthcare, Canada | - | - | 14.23 | - | - | - | 14.23 |
| - Piramal Critical Care Limited | - | - | 1.90 | - | - | - | 1.90 |
| - Piramal Critical Care BV | - | - | 17.60 | - | - | - | 17.60 |
| - Ash Stevens | - | - | 0.45 | - | - | - | 0.45 |
| - PEL | 373.27 | - | - | - | - | - | 373.27 |
| **TOTAL** | **373.27** | **-** | **153.05** | **-** | **60.22** | **-** | **586.54** |
| **Rendering of Services** | | | | | | | |
| - Piramal Healthcare UK | - | - | 32.18 | - | - | - | 32.18 |
| - Ash Stevens | - | - | 0.01 | - | - | - | 0.01 |
| **TOTAL** | **-** | **-** | **32.19** | **-** | **-** | **-** | **32.19** |
| **Dividend Received** | | | | | | | |
| - Allergan | - | - | - | - | 124.54 | - | 124.54 |
| **TOTAL** | **-** | **-** | **-** | **-** | **124.54** | **-** | **124.54** |
| **Guarantee commission income** | | | | | | | |
| - Piramal Healthcare UK | - | - | 0.47 | - | - | - | 0.47 |
| - Piramal Critical Care Limited | - | - | 0.01 | - | - | - | 0.01 |
| **TOTAL** | **-** | **-** | **0.48** | **-** | **-** | **-** | **0.48** |
| **Receiving of Services** | | | | | | | |
| - Piramal Pharma Inc. | - | - | 9.95 | - | - | - | 9.95 |
| - Piramal Healthcare UK | - | - | 13.73 | - | - | - | 13.73 |
| - Ash Stevans | - | - | 25.99 | - | - | - | 25.99 |
| - PEL | 24.90 | - | - | - | - | - | 24.90 |
| **TOTAL** | **24.90** | **-** | **49.67** | **-** | **-** | **-** | **74.57** |

**(Rs. in Crores)**

| Details of Transactions | Holding company | Fellow subsidiaries | Subsidiaries | Joint Venture | Associates | Other Related Parties | Total |
|---|---|---|---|---|---|---|---|
| | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 |
| **Royalty Expense** | | | | | | | |
| - PCSL | - | - | - | - | - | 5.09 | 5.09 |
| **TOTAL** | **-** | **-** | **-** | **-** | **-** | **5.09** | **5.09** |
| **Rent Income** | | | | | | | |
| - PHL Fininvest | - | 1.55 | - | - | - | - | 1.55 |
| **TOTAL** | **-** | **1.55** | **-** | **-** | **-** | **-** | **1.55** |
| **Reimbursement of expenses paid** | | | | | | | |
| - PEL | 43.70 | - | - | - | - | - | 43.70 |
| **TOTAL** | **43.70** | **-** | **-** | **-** | **-** | **-** | **43.70** |

| Details of Transactions | Holding company | Fellow subsidiaries | Subsidiaries | Joint Venture | Associates | Other Related Parties | Total |
|---|---|---|---|---|---|---|---|
| | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 |
| **Finance granted /(repayments) - Net (including loans and Equity contribution / Investments in cash or in kind)** | | | | | | | |
| - Convergence | - | - | 3.25 | (5.00) | - | - | (1.75) |
| - Piramal Dutch Holdings N.V. | - | - | 598.23 | - | - | - | 598.23 |
| **TOTAL** | **-** | **-** | **601.48** | **(5.00)** | **-** | **-** | **596.48** |

| Details of Transactions | Holding company | Fellow subsidiaries | Subsidiaries | Joint Venture | Associates | Other Related Parties | Total |
|---|---|---|---|---|---|---|---|
| | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 |
| **Interest Paid on Loans/Investments** | | | | | | | |
| - PEL | 0.07 | - | - | - | - | - | 0.07 |
| **TOTAL** | **0.07** | **-** | **-** | **-** | **-** | **-** | **0.07** |

| Details of Transactions | Holding company | Fellow subsidiaries | Subsidiaries | Joint Venture | Associates | Other Related Parties | Total |
|---|---|---|---|---|---|---|---|
| | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 |
| **Interest Received on Loans/Investments** | | | | | | | |
| - Convergence | - | - | 0.17 | 0.60 | - | - | 0.77 |
| - Piramal Dutch Holdings N.V. | - | - | 17.59 | - | - | - | 17.59 |
| **TOTAL** | **-** | **-** | **17.76** | **0.60** | **-** | **-** | **18.36** |

Interest rates charged to subsidiaries are made at market rates comparable with prevailing rates in the respective geographies. All other transactions were made on normal commercial terms and conditions and at market rates.

**Compensation of key managerial personnel**
The remuneration of directors and other members of key managerial personnel during the period was as follows:

Rs. in crores

| Particulars | 2021 |
|---|---|
| Short-term employee benefits | 1.00 |
| Post-employment benefits | 0.08 |
| Other long-term benefits | - |
| Commission and other benefits to non-executive/independent directors | 0.48 |
| **Total** | **1.56** |

Payments made to the directors and other members of key managerial personnel are approved by Board of Directors.

**3. Balances of related parties.**

Rs. in Crores

| Account Balances | Holding company | Fellow subsidiaries | Subsidiaries | Joint Venture | Associate | Other related Parties | Total |
|---|---|---|---|---|---|---|---|
| | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 |
| **Loans to related parties - Unsecured (at amortised cost)** | | | | | | | |
| - Piramal Dutch Holdings N.V. | - | - | 606.94 | - | - | - | 606.94 |
| - Convergence | - | - | 17.47 | - | - | - | 17.47 |
| **TOTAL** | **-** | **-** | **624.41** | **-** | **-** | **-** | **624.41** |
| **Other receivable from related party** | | | | | | | |
| - Piramal Healthcare UK | 0.36 | - | - | - | - | - | 0.36 |
| - Piramal Healthcare LLC | - | - | 1.07 | - | - | - | 1.07 |
| - PHL Fininvest Private Limited | - | 0.29 | - | - | - | - | 0.29 |
| - PEL | 39.92 | - | - | - | - | - | 39.92 |
| **TOTAL** | **40.28** | **0.29** | **1.07** | **-** | **-** | **-** | **41.64** |
| **Trade Receivables** | | | | | | | |
| - Piramal Healthcare UK | - | - | 46.51 | - | - | - | 46.51 |
| - PCCI | - | - | 8.58 | - | - | - | 8.58 |
| - Piramal Critical Care Limited | - | - | 22.09 | - | - | - | 22.09 |
| - Piramal Critical Care BV | - | - | 22.08 | - | - | - | 22.08 |
| - Piramal Healthcare, Canada | - | - | 0.36 | - | - | - | 0.36 |
| - PEL | 214.88 | - | - | - | - | - | 214.88 |
| - Allergan | - | - | - | - | 13.40 | - | 13.40 |
| **TOTAL** | **214.88** | **-** | **99.62** | **-** | **13.40** | **-** | **327.90** |
| **Advance to Vendor** | | | | | | | |
| - PCC Inc. | - | - | 3.80 | - | - | - | 3.80 |
| **TOTAL** | **-** | **-** | **3.80** | **-** | **-** | **-** | **3.80** |
| **Trade Payable** | | | | | | | |
| - Piramal Pharma Inc. | - | - | 0.17 | - | - | - | 0.17 |
| - Piramal Healthcare UK | - | - | 1.28 | - | - | - | 1.28 |
| - PCCI | - | - | 12.32 | - | - | - | 12.32 |
| - PGL | - | - | - | - | - | (0.06) | (0.06) |
| - Piramal Pharma Solutions Inc. | - | - | 0.04 | - | - | - | 0.04 |
| - PEL | 128.24 | - | - | - | - | - | 128.24 |
| - Ash Stevens | - | - | 8.21 | - | - | - | 8.21 |
| **TOTAL** | **128.24** | **-** | **22.02** | **-** | **-** | **(0.06)** | **150.20** |
| **Guarantee Commission Receivable** | | | | | | | |
| - Piramal Healthcare UK | - | - | 0.31 | - | - | - | 0.31 |
| - Piramal Critical Care Limited | - | - | 0.01 | - | - | - | 0.01 |
| **TOTAL** | **-** | **-** | **0.32** | **-** | **-** | **-** | **0.32** |
| **Contingent Liabilities** | | | | | | | |
| **Guarantees Outstanding** | | | | | | | |
| - Piramal Healthcare UK | - | - | 438.69 | - | - | - | 438.69 |
| **TOTAL** | **-** | **-** | **438.69** | **-** | **-** | **-** | **438.69** |
| **Consideration Payable on account of Business Transfer (refer note 48)** | | | | | | | |
| - PEL | 592.00 | - | - | - | - | - | 592.00 |
| **TOTAL** | **592.00** | **-** | **-** | **-** | **-** | **-** | **592.00** |

**37** In accordance with Ind AS 108 'Operating Segments', segment information has been given in the consolidated financial statements of the Company, which are presented in the same Annual Report and therefore, no separate disclosure on segment information is given in these financial statements.

**38**

**(Rs. in Crores)**

| Particulars | Period Ended March 31, 2021 |
|---|---|
| **Miscellaneous Expenses in Note 31 includes Auditors' Remuneration in respect of:** | |
| **A) Statutory Auditors:** | |
| a) Audit Fees | 0.45 |
| b) Other Services * | 0.00 |
| C) Out of Pocket Expenses | 0.02 |

* Amounts are below the rounding off norm adopted by the Company.

**39** Disclosures as required by the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") are as under:

**(Rs. in Crores)**

| Particulars | As at March 31, 2021 |
|---|---|
| Principal amount due to suppliers registered under the MSMED act and remaining unpaid as at period end | 26.61 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at period end. | 1.38 |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the period. | 180.57 |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period. | - |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period. | - |
| Interest due and payable towards suppliers registered under MSMED Act, for Payments already made | 1.38 |
| Further interest remaining due and payable for earlier years | - |

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

**40** The Company has advanced loans to its subsidiary companies.

Principal amounts outstanding as at the period end were:

**(Rs. in Crores)**

| Subsidiary Companies | As at March 31, 2021 |
|---|---|
| Piramal Dutch Holdings N.V. (revalued at closing foreign exchange rate) | 591.87 |
| Convergence Chemicals Private Limited | 16.75 |

The maximum amounts due during the period were: **(Rs. in Crores)**

| Subsidiary Companies | For the period March 04,2020 to March 31, 2021 |
|---|---|
| Piramal Dutch Holdings N.V. | 598.23 |
| Convergence Chemicals Private Limited | 16.75 |

**41** Earnings Per Share (EPS) – EPS is calculated by dividing the profit/ (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. The earnings and weighted average numbers of equity shares used in calculating basic and diluted earnings per equity share are as follows:

| Particulars | For the period 04/03/2020 to 31/03/2021 |
|---|---|
| 1. Profit/ (Loss) after tax (Rs. in Crores) | 571.50 |
| 2. Weighted Average Number of Equity Shares for calculating Basic EPS (nos.) * | 44,99,53,500 |
| 3. Total Weighted Average Number of Equity Shares for calculating Diluted EPS (nos.)* | 44,99,53,500 |
| 4. Earnings Per Share - Basic attributable to Equity Shareholders (Rs.) (1/2)* | 12.70 |
| 5. Earnings Per Share - Diluted attributable to Equity Shareholders (Rs.) * | 12.70 |
| 6. Face value per share (Rs.) | 10.00 |

* As per the securities subscription agreement between Piramal Enterprises Limited (PEL), the Company & CA Clover Intermediate-II Investments (now known as CA Alchemy Investments) ("Carlyle"), No. of Shares to be issued by the Company to Carlyle and PEL against Compulsory Convertible Preference Shares and Share warrants respectively are dependent upon fair value of share of the Company as on October 6, 2021 and accordingly, have not been considered for determination of basic and diluted earnings per share, as applicable, for the period.

**42 (i) Amounts recognised in the balance sheet**
The balance sheet shows the following amounts relating to leases:

**Right-of-use assets** (Rs. in crores)

| Category of Asset | Balance acquired as at March 04, 2020 | Additions during 2020-21 | Deductions during 2020-21 | Depreciation for March | Closing as on March 31, 2021 |
|---|---|---|---|---|---|
| Building | 0.98 | 8.26 | - | 1.06 | 8.18 |
| Leasehold Land | 5.20 | 0.14 | - | 0.07 | 5.27 |
| **Total** | **6.18** | **8.40** | **-** | **1.13** | **13.45** |

**(ii) Amounts recognised in the statement of profit or loss**

The statement of profit or loss shows the following amounts relating to leases

| | |
|---|---|
| Interest expense on lease liabilities (included in finance cost) -Refer note 30 | 0.42 |
| Expense relating to short-term leases (included in Other Expenses) -Refer note 31 | 11.00 |

The weighted average incremental borrowing rate applied to lease liabilities as at March 4, 2020 is 8.91%.

The bifurcation below provides details regarding the contractual maturities of lease liabilities as of March 31, 2021 on an undiscounted basis:

| | |
|---|---|
| 1 year | 2.58 |
| 1-3 years | 5.06 |
| 3-5 years | 3.26 |
| More than 5 years | - |

**43** The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in note 19 offset by cash and bank balances) and total equity of the Company.

The Company determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The capital components of the Company are as given below:

| | **(Rs. in Crores) As at March 31, 2021** |
|---|---|
| Equity | 4,100.62 |
| **Total Equity** | **4,100.62** |
| | |
| Borrowings - Current | 165.20 |
| **Total Debt** | **165.20** |
| Cash & Cash equivalents | (146.73) |
| **Net Debt** | **18.47** |
| **Debt/Equity Ratio** | **0.00** |

**44 Risk Management**

The Company's activities expose it to market risk, liquidity risk and credit risk.

The Company has an independent and dedicated Enterprise Risk Management (ERM) system to identify, manage and mitigate business risks.

The Senior Management along with a centralized treasury manages the liquidity and interest rate risk on the balance sheet.

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

| **Risk** | **Exposure arising from** | **Management** |
|---|---|---|
| Liquidity risk | Borrowings and other liabilities | The Senior Management along with centralized treasury deliberates on the static liquidity gap statement, future asset growth plans, tenor of assets, market liquidity and pricing of various sources of funds. It decides on the optimal funding mix taking into consideration the asset strategy and a focus on diversifying sources of funds. |
| Market risk - Foreign exchange | Transactions denominated in foreign currency | The centralised treasury function aggregates the foreign exchange exposure and takes measures to hedge the exposure based on prevalent macroeconomic conditions. |
| Market risk - Interest rate | Short-term borrowings at variable rates | The Senior Management along with centralized treasury reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. |
| Credit risk | Trade receivables, investments and loans to related parties | The Senior Management assess the recoverability of investments and loans given to related parties on periodic basis and considered these balances good and fully recoverable.<br><br>Refer note-9 for trade receivables |

**PIRAMAL PHARMA LIMITED**
**Notes to financial statements for the Period ended March 31, 2021**

**a. Liquidity Risk Management**

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Senior Management along with centralized treasury is responsible for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Company has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

The Company has the following undrawn credit lines available as at the end of the reporting period.

| | (Rs. in Crores) |
|---|---|
| **Particulars** | **March 31, 2021** |
| Undrawn credit lines | 452.94 |
| | **452.94** |

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

(Rs. in Crores)

| **Maturities of Financial Liabilities** | **March 31, 2021** | | | |
|---|---|---|---|---|
| | **Upto 1 year** | **1 to 3 years** | **3 to 5 years** | **5 years & above** |
| Borrowings | 165.44 | - | - | - |
| Trade Payables | 584.12 | - | - | - |
| Lease liability | 2.58 | 5.06 | 3.26 | - |
| Other Financial Liabilities | 633.52 | - | - | - |
| | **1,385.66** | **5.06** | **3.26** | **-** |

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

(Rs. in Crores)

| **Maturities of Financial Assets** | **March 31, 2021** | | | |
|---|---|---|---|---|
| | **Upto 1 year** | **1 to 3 years** | **3 to 5 years** | **5 years & above** |
| Loans to related parties | 42.55 | 624.17 | 5.34 | - |
| Trade Receivables | 864.38 | - | - | - |
| | **906.93** | **624.17** | **5.34** | **-** |

In assessing whether the going concern assumption is appropriate, the Company has considered a range of factors relating to current and expected profitability, debt repayment schedule and potential sources of replacement financing. The Company has performed sensitivity analysis on such factors considered and based on current indicators of future economic conditions; there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Because of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will continue to monitor any changes to the future economic conditions.

The balances disclosed in the table above are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as on March 31, 2021.

**b. Interest Rate Risk Management**

The Company is exposed to interest rate risk as it has assets and liabilities based on floating interest rates as well. Senior Management along with centralised treasury assess the interest rate risk run by it and provide appropriate guidelines to the treasury to manage the risk. The Senior Management along with centralised treasury reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The Senior Management along with centralised treasury reviews the interest rate gap statement and the interest rate sensitivity analysis.

The exposure of the Company's borrowings to the interest rate risk at the end of the reporting period is mentioned below:

| | **(Rs. in Crores)** |
|---|---|
| **Particulars** | **March 31, 2021** |
| Fixed rate borrowings | 90.20 |
| | **90.20** |

**d. Foreign Currency Risk Management**

The Company is exposed to Currency Risk arising from its trade exposures and Capital receipt / payments denominated, in other than the Functional Currency. The Company has a detailed policy which includes setting of the recognition parameters, benchmark targets, the boundaries within which the treasury has to perform and also lays down the checks and controls to ensure the effectiveness of the treasury function.
The Company has defined strategies for addressing the risks for each category of exposures (e.g. for exports , for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.

**a) Derivatives outstanding as at the reporting date**

| Firm commitment and highly probable forecast transaction | As at March 31, 2021 | |
|---|---|---|
| | FC in Millions | Rs. in Crores |
| Forward contracts to sell USD / INR | 113.00 | 848.02 |

**b) Particulars of foreign currency exposures as at the reporting date**

| Currencies | | As at March 31, 2021 | |
|---|---|---|---|
| | | Trade receivables | |
| | | FC in Millions | Rs. in Crores |
| AUD | | 0.03 | 0.14 |
| CAD | | 7.45 | 43.24 |
| EUR | | 6.66 | 57.13 |
| GBP | | 0.53 | 5.39 |
| SGD | | 0.15 | 0.80 |
| USD | | 63.11 | 461.41 |

| Currencies | | As at March 31, 2021 | |
|---|---|---|---|
| | | Trade payables | |
| | | FC in Millions | Rs. in Crores |
| AUD | | 0.00 | 0.01 |
| CAD | | 0.00 | 0.03 |
| CHF | | 0.03 | 0.20 |
| EUR | | 1.10 | 9.42 |
| GBP | | 0.49 | 4.92 |
| THB | | 0.77 | 0.18 |
| SEK | | 0.03 | 0.02 |
| USD | | 24.25 | 177.27 |
| NZD | | 0.00 | 0.00 |
| JPY | | 0.23 | 0.02 |
| SGD | | 0.00 | 0.00 |
| AED | | 0.04 | 0.08 |

| Currencies | | As at March 31, 2021 | |
|---|---|---|---|
| | | Loan from Banks | |
| | | FC in Millions | Rs. in Crores |
| USD | | 8.23 | 60.20 |

| Currencies | | As at March 31, 2021 | | | |
|---|---|---|---|---|---|
| | | Loan & Interest Receivable from Related Parties | | Current Account Balances Receivable /(Payable) | |
| | | FC in Millions | Rs. in Crores | FC in Millions | Rs. in Crores |
| USD | | 83.01 | 606.94 | 0.24 | 1.75 |

* Amounts are below the rounding off norms adopted by the Company

**c) Sensitivity Analysis:**
Of the above, the Company is mainly exposed to USD, GBP & EUR. Hence the following table analyses the Company's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of these currencies against INR.

| Particulars | | For the period ended March 31, 2021 | | | |
|---|---|---|---|---|---|
| **Currencies** | **Increase /Decrease** | **Total Assets in FC (in Millions)** | **Total Liabilities in FC (In Millions)** | **Change in exchange rate (in Rs. )** | **Impact on Profit or Loss before tax/Other Equity (pre-tax) for the period (in Rs. Crores)** |
| USD | Increase by 5%** | 146.36 | 32.48 | 3.66 | 41.63 |
| USD | Decrease by 5%** | 146.36 | 32.48 | (3.66) | (41.63) |
| GBP | Increase by 5%** | 0.53 | 0.49 | 5.04 | 0.02 |
| GBP | Decrease by 5%** | 0.53 | 0.49 | (5.04) | (0.02) |
| EUR | Increase by 5%** | 6.66 | 1.10 | 4.29 | 2.39 |
| EUR | Decrease by 5%** | 6.66 | 1.10 | (4.29) | (2.39) |

** Holding all the other variables constant

**e. Accounting for cash flow hedge**

The objective of hedge accounting is to represent, in the Company's financial statements, the effect of the Company's use of financial instruments to manage exposures arising from particular risks that could affect profit or loss. As part of its risk management strategy, the Company makes use of financial derivative instruments, such as foreign currency range forwards and forward exchange contracts for hedging the risk arising on account of highly probable foreign currency forecast sales.

For derivative contracts designated as hedge, the Company documents, at inception, the economic relationship between the hedging instrument and the hedged item, the hedge ratio, the risk management objective for undertaking the hedge and the methods used to assess the hedge effectiveness. The derivative contracts have been taken to hedge foreign currency fluctuations risk arising on account of highly probable foreign currency forecast sales.

The Company applies cash flow hedge to hedge the variability arising out of foreign exchange currency fluctuations on account of highly probable forecast sales. Such contracts are generally designated as cash flow hedges.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The forward exchange forward contracts are denominated in the same currency as the highly probable future sales, therefore the hedge ratio is 1:1. Further, the entity has excluded the foreign currency basis spread and takes such excluded element through the income statement. Accordingly, the Company designates only the spot rate in the hedging relationship.

The Company has a Board approved policy, adopted at group level on assessment, measurement and monitoring of hedge effectiveness which provides a guideline for the evaluation of hedge effectiveness, treatment and monitoring of the hedge effective position from an accounting and risk monitoring perspective. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The Company assesses hedge effectiveness on prospective basis. The prospective hedge effectiveness test is a forward looking evaluation of whether or not the changes in the fair value or cash flows of the hedging position are expected to be highly effective in offsetting the changes in the fair value or cash flows of the hedged position over the term of the relationship.
Hedge effectiveness is assessed through the application of dollar offset method and designation of spot rate as the hedging instrument. The excluded portion of the foreign currency basis spread is taken directly through income statement.

The table below enumerates the Company's hedging strategy, typical composition of the Company's hedge portfolio, the instruments used to hedge risk exposures and the type of hedging relationship for the period ended March 31, 2021:

| Sr No | Type of risk/ hedge position | Hedged item | Description of hedging strategy | Hedging instrument | Description of hedging instrument | Type of hedging relationship |
|---|---|---|---|---|---|---|
| 1 | Foreign Currency hedge | Highly probable forecast sales | Foreign currency denominated highly probable forecast sales is converted into functional currency using a forward contract. | Highly probable forecast sales | Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. These are customized contracts transacted in the over–the–counter market. Further, the foreign currency basis spread is separated and accounted for at FVTPL. Accordingly, only the spot rate has been designated in the hedging relationship. | Cash flow hedge |

The tables below provide details of the derivatives that have been designated as cash flow hedges for the periods presented:

**As at March 31, 2021** **(In Crores)**

| | Notional principal amounts | Derivative Financial Instruments - Assets | Derivative Financial Instruments – Liabilities | Change in fair value for the period recognized in OCI | Ineffectiveness recognized in profit or loss | Line item in profit or loss that includes hedge ineffective-ness | Contracts novated from PEL to PPL | Amount reclassified from cash flow hedging reserve to profit or loss | Line item in profit or loss affected by the reclassification |
|---|---|---|---|---|---|---|---|---|---|
| Foreign exchange forward contracts | 11.30 (USD) | - | 16.36 | 10.47 | - | Not applicable | (4.30) | (0.44) | Revenue |

The table below provides a profile of the timing of the notional amounts of the Company's hedging instruments (based on residual tenor) along with the average price or rate as applicable by risk category:

| | As at March 31, 2021 | | | |
|---|---|---|---|---|
| | **Total** | **Less than 1 year** | **1-5 years** | **Over 5 years** |
| **Foreign currency risk:** | | | | |
| **Forward exchange contracts** | 11.30 (USD) | 11.30 (USD) | - | - |
| Average INR:USD forward contract rate | 77.11 | 77.11 | - | - |

(iii) The following table provides a reconciliation by risk category of the components of equity and analysis of OCI items resulting from hedge accounting:

| Movement in Cash flow hedge reserve for the period ended | 31 March 2021 (Rs. In Crs) Gain/(Loss) |
|---|---|
| As on March 04, 2020 | - |
| **Effective portion of changes in fair value:** | |
| Foreign exchange forward contracts | 13.77 |
| Tax on movements on reserves during the period | (3.30) |
| Contracts novated from Piramal Enterprises Limited | (5.53) |
| Tax on above during the period | 1.23 |
| **Amount reclassified to profit or loss:** | |
| Foreign exchange forward contracts | (0.59) |
| Tax on movements on reserves during the period | 0.15 |
| **Closing balance** | **5.73** |

**45** The Company conducts research and development to find new sustainable chemical routes for pharmaceutical products. The company is undertaking development activities for Oral Solids and Sterile Injectables, apart from other Active Pharmaceutical Ingredients.

The Company has research and development centers in Mumbai, Ennore and Ahmedabad.

Details of additions to Property Plant & Equipments, Intangibles under Development and Revenue Expenditure for Department of Scientific & Industrial Research (DSIR) Recognised research and development facilities / division of the Company at Mumbai, Ennore and Ahmedabad for the year are as follows:

| **Description** | **For the year ended March 31, 2021** |
|---|---|
| | |
| **Revenue Expenditure*** | 102.99 |
| **TOTAL** | **102.99** |
| | |
| **Capital Expenditure, Net** | |
| Additions to Property Plant & Equipment | 11.51 |
| Additions to Intangibles under Development | 6.91 |
| **TOTAL** | **18.42** |

*The amount included in Note 31, under R&D Expenses (net) does not include Rs.79.30 Crores relating to Ahmedabad locations.

Expenditure reported in above table is for the period April 01, 2020 to March 31, 2021.

Pursuant to business transfer Agreement between Piramal Enterprises Limited (PEL) and the Company, Research and Development units are transferred to the Company, as per terms and condition for recognition of inhouse R&D centre, PEL has informed DSIR for the same.

## 46 Income taxes relating to operations

***a) Tax expense recognised in statement of profit and loss***

| | **(Rs.in Crores)** |
|---|---|
| **Particulars** | **For the period 04/03/2020 to 31/03/2021** |
| ***Current tax :*** | |
| In respect of the current period | 104.98 |
| | **104.98** |
| ***Deferred tax :*** | |
| In respect of the current period | 10.30 |
| | **10.30** |
| | |
| **Total tax expense recognised** | **115.28** |

***b) Tax (expense)/ benefits recognised in other comprehensive income***

| | **(Rs.in Crores)** |
|---|---|
| **Particulars** | **For the period 04/03/2020 to 31/03/2021** |
| ***Current tax :*** | - |
| ***Deferred tax :*** | |
| Fair value Remeasurement of hedging instruments entered into for cash flow hedges | 1.93 |
| Remeasurement of defined benefit obligation | (0.82) |
| Total tax expense recognised | **1.11** |

***c) Deferred tax balances***

The following is the analysis of deferred tax assets/(liabilities) presented in the separate statement of financial position:

| | **(Rs.in Crores)** |
|---|---|
| | **March 31, 2021** |
| Deferred tax assets | 1.13 |
| Deferred tax liabilities | (171.55) |
| | **(170.42)** |

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

***d) Movement of Deferred Tax during the period March 04, 2020 to March 31, 2021***

**(Rs. in Crores)**

| **Particulars** | **Balance acquired as at March 04, 2020 under common control (refer note 48)** | **Recognised in profit or loss** | **Recognised in other comprehensive income** | **Closing balance** |
|---|---|---|---|---|
| **Deferred tax (liabilities)/assets in relation to:** | | | | |
| Expected Credit Loss on Trade Receivables | - | 0.24 | - | 0.24 |
| Fair value measurement of derivative contracts | - | (2.37) | (1.93) | (4.30) |
| Recognition of lease rent expense | - | 0.07 | - | 0.07 |
| Property, Plant and Equipment and Intangible Assets | (159.01) | (8.24) | - | (167.25) |
| Remeasurement of defined benefit obligation | - | - | 0.82 | 0.82 |
| **Total** | **(159.01)** | **(10.30)** | **(1.11)** | **(170.42)** |

***e) The income tax expense for the period can be reconciled to the accounting profit as follows:*** **(Rs. in Crores)**

| Particulars | For the period March 04, 2020 to March 31, 2021 |
|---|---|
| **Profit before tax** | **686.78** |
| Profit recognised on account of common control acquisition | 282.02 |
| **Profit before tax from continuing operations** | **404.76** |
| **Income tax expense calculated at 25.17%** | **101.88** |
| Effect of expenses that are not deductible in determining taxable profit | 11.37 |
| Others | 2.03 |
| **Income tax expense recognised in profit or loss** | **115.28** |

f) The tax rate used for the reconciliations above is the corporate tax rate of 25.17% for the period payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

**47 Fair Value Measurement**

a) **Financial Instruments by category (net of ECL provision) :**

| Particulars | (Rs. in Crores) | |
|---|---|---|
| | March 31, 2021 | |
| | FVTPL | Amortised Cost |
| **Financial Assets** | | |
| Investments | - | 1,591.52 |
| Loans | - | 624.41 |
| Cash & Bank Balances | - | 152.35 |
| Trade Receivables | - | 839.75 |
| Other Financial Assets | 16.36 | 94.67 |
| | **16.36** | **3,302.70** |
| **Financial liabilities** | | |
| Borrowings | - | 165.20 |
| Trade Payables | - | 584.12 |
| Other Financial Liabilities | - | 642.58 |
| | **-** | **1,391.90** |

The Company considers that carrying amounts of financial assets and financial liabilities disclosed above approximate their fair values.

b) **Fair Value Hierarchy and Method of Valuation**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(Rs. in Crores)

| Financial Assets | March 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Notes | Level 1 | Level 2 | Level 3 | Total |
| **Other Financial Assets** | | | | | |
| Derivative Financial Assets | i. | - | 16.36 | - | 16.36 |

**Notes :**

i This includes forward exchange contracts the fair value of the forward exchange contract is determined using forward exchange rate at the balance sheet date

**48** The Board of Directors ('Board') of the Company at their meeting held on June 26, 2020, had approved:
a. the Purchase of the pharmaceutical business ('Pharma Business') of the Holding Company 'Piramal Enterprises Limited', held by the Holding Company directly and through its wholly owned subsidiaries., by the Company.
b. issue of such number of securities of the company, representing 20% paid up share capital of the company on a fully diluted basis to CA Clover Intermediate II Investments (now known as CA Alchemy Investments) ("Carlyle"), an affiliated entity of CAP V Mauritius Limited, an investment fund managed and advised by affiliated entities of The Carlyle Group Inc for the strategic growth investment.

This transaction was successfully closed on October 6th, 2020 on receipt of requisite approvals. As a result, the Company received Rs.3,523.40 crores as consideration towards 20% equity investment from CA Alchemy Investments.

In accordance with Appendix C to Ind AS 103, the purchase of pharma business being a common control transaction (transaction between a holding company (Piramal Enterprises Limited) and the Company), is accounted for at the carrying values and the financial information has been drawn up with effect from March 4, 2020, being the date of incorporation of the Company. The difference between the carrying value of the net assets of the Pharma Business and consideration paid has been recognised in Capital Reserve.

| **Particulars** | | | **(Rs. In Crores)** |
|---|---|---|---|
| Assets | | | |
| Non-Current Assets | | | |
| -Property, Plant & Equipment | | 1,325.64 | |
| -Capital Work in Progress | | 57.78 | |
| -Intangible Assets | | 352.18 | |
| -Intangible Assets Under Development | | 62.08 | |
| -Right of Use Asset | | 6.18 | 1,803.86 |
| Financial Assets: | | | |
| -Investments | | 1,526.42 | |
| -Loans | | 24.51 | |
| -Other Financial Assets | | 11.89 | 1,562.82 |
| Other Non-Current Assets | | | 35.92 |
| Current Assets | | | |
| Inventories | | 458.22 | |
| Financial Assets: | | | |
| -Trade Receivables | | 491.16 | |
| -Other Financial Assets | | 36.31 | |
| Other Current Assets | | 283.70 | 1,269.39 |
| Total Assets | **(I)** | | 4,671.99 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities: | | | |
| Lease Liability | | | 1.44 |
| Provisions | | | 62.43 |
| Current Liabilities | | | |
| Financial Liabilities: | | | |
| -Trade payables | | 456.90 | |
| -Other Financial Liabilities | | 31.51 | |
| Other Current Liabilities | | 39.92 | |
| Provisions | | 0.11 | 528.44 |
| Total Liabilities | **(II)** | | **592.31** |
| Net value of Assets and liabilities as on March 4, 2020(I-II) | | | 4,079.68 |
| Less : Consideration in the form of cash | | | (4,302.00) |
| Less : Consideration in the form of Share Capital issued (refer footnote to Statement of Cash flow) | | | (185.00) |
| Add : Securities Premium issued on shares above adjusted against capital reserve (refer footnote to Statement of Cash flow) | | | 174.33 |
| Less : Deferred tax liability on acquisition | | | (159.01) |
| **Capital reserve on March 4, 2020** | | (A) | **(392.00)** |
| Less : Cash balance not taken over (including generated out of operations for the period from March 4, 2020 to October 5, 2020). | | (B) | (326.34) |
| **Capital reserve on October 5, 2020** | | **(A+B)** | **(718.34)** |

**49** The Company has entered into an agreement on March 31, 2021 to acquire 100% stake in Hemmo Pharmaceuticals Private Limited ('Hemmo') for an upfront cash consideration of Rs.775 crores and earn-outs linked to achievement of milestones ('Acquisition'). Consequent to this Acquisition, Hemmo would become a wholly owned subsidiary of the Company. The transaction is subject to the completion of customary closing conditions and certain regulatory approvals.

**50** The financial statements have been approved for issue by Company's Board of Directors on May 11, 2021.

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Signature to note 1 to 50 of financial statements.

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

| | |
|---|---|
| **Nandini Piramal**<br>Director<br>DIN : 00286092 | **Rajesh Laddha**<br>Director<br>DIN : 02228042 |
| **Vivek Valsaraj**<br>Chief Financial Officer | **Tanya DCosta**<br>Company Secretary |

Mumbai, May 11, 2021

**Deloitte Haskins & Sells LLP**

**Chartered Accountants**
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# INDEPENDENT AUDITOR'S REPORT

**To The Members of Piramal Pharma Limited**
**Report on the Audit of the Consolidated Financial Statements**

## Opinion

We have audited the accompanying consolidated financial statements of Piramal Pharma Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its associates, which comprise the Consolidated Balance Sheet as at 31 March 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements / financial information of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2022, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraph (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report including the Annexures to Board's Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.

- If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

**Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

**Other Matters**

(a) We did not audit the financial statements/financial information of eight subsidiaries, whose financial statements/financial information reflect total assets of Rs. 8,370.14 crore as at 31 March 2022, total revenues of Rs. 3,195.46 crore and net cash outflows amounting to Rs. 157.46 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

(b) We did not audit the financial statements / financial information of eleven subsidiaries, whose financial statements / financial information reflect total assets of Rs. 4,669.24 crore as at 31 March 2022, total revenues of Rs. 604.98 crore and net cash inflows amounting to Rs. 38.11 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 59.03 crore for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of two associates, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

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

**Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on 31 March 2022 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Parent and its subsidiaries incorporated in India is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates;

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) (a) The Parent did not propose any final dividend in the previous year.

(b) As stated in note 15 to the consolidated financial statements, the interim dividend declared and paid by the Parent during the year and until the date of this report is in accordance with section 123 of the Act.

(c) As stated in note 15 to the consolidated financial statements, the Board of Directors of the Parent have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act.

vi) With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Rupen K. Bhatt**
Partner
(Membership No. 046930)
(UDIN:22046930AJNJSW8125)

Place: Mumbai
Date:24 May 2022

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls over financial reporting of Piramal Pharma Limited (hereinafter referred to as "Parent") and its subsidiary company, which are companies incorporated in India as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained in respect of Parent and subsidiary company, which are companies incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary company, which are companies incorporated in India.

**Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

**Opinion**

In our opinion to the best of our information and according to the explanations given to us the Parent, and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

**Rupen K. Bhatt**
(Partner)
(Membership No. 046930)
(UDIN: 22046930AJNJSW8125)

Place: Mumbai
Date: 24 May 2022

**PIRAMAL PHARMA LIMITED**

**Consolidated Balance Sheet as at March 31, 2022**

| Particulars | Note No. | As at March 31,2022 Rs. in Crores | As at March 31,2021 Rs. in Crores |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Property, Plant & Equipment | 3 | 2,864.07 | 2,636.56 |
| (b) Capital Work in Progress | 55 | 673.15 | 399.53 |
| (c) Goodwill | 38 | 1,030.50 | 856.47 |
| (d) Other Intangible Assets | 3 | 2,806.09 | 2,482.28 |
| (e) Intangible Assets under development | 56 | 499.19 | 227.12 |
| (f) Right Of Use Assets | 52 | 178.52 | 130.18 |
| (g) Financial Assets: | | | |
| (i) Investments | | | |
| - Investments accounted for using the equity method | 4(a) | 179.82 | 109.67 |
| - Other Investments | 4(b) | 36.95 | 13.00 |
| (ii) Other Financial Assets | 5 | 95.57 | 70.93 |
| (h) Deferred tax assets (Net) | 6 | 297.27 | 244.12 |
| (i) Other non-current assets | 7 | 68.69 | 81.22 |
| **Total Non-Current Assets** | | **8,729.82** | **7,251.08** |
| **Current Assets** | | | |
| (a) Inventories | 8 | 1,388.80 | 1,232.00 |
| (b) Financial Assets: | | | |
| (i) Investments | 4(b) | 50.40 | - |
| (ii) Trade receivables | 9 & 53 | 1,785.28 | 1,574.94 |
| (iii) Cash & Cash equivalents | 10 | 228.10 | 384.65 |
| (iv) Bank balances other than (iii) above | 11 | 100.89 | 20.97 |
| (v) Other Financial Assets | 12 | 50.85 | 112.06 |
| (c) Other Current Assets | 13 | 462.90 | 324.08 |
| **Total Current Assets** | | **4,067.22** | **3,648.70** |
| **Total Assets** | | **12,797.04** | **10,899.78** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share capital | 14 | 1,185.91 | 994.60 |
| (b) Share warrants | 14 | - | 0.10 |
| (c) Other equity | 15 | 5,510.69 | 4,610.30 |
| **Total equity** | | **6,696.60** | **5,605.00** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial Liabilities: | | | |
| (i) Borrowings | 16 | 2,622.14 | 2,339.16 |
| (ii) Lease liability | 52 | 86.20 | 93.41 |
| (iii) Other Financial Liabilities | 17 | 0.40 | - |
| (b) Provisions | 18 | 12.59 | 6.78 |
| (c) Deferred tax liabilities (Net) | 19 | 192.01 | 222.49 |
| (d) Other Non-Current Liabilities | 20 | 153.76 | 142.66 |
| **Total Non-Current Liabilities** | | **3,067.10** | **2,804.50** |
| **Current liabilities** | | | |
| (a) Financial Liabilities: | | | |
| (i) Borrowings | 21 | 1,401.14 | 571.03 |
| (ii) Lease liability | 52 | 18.44 | 21.49 |
| (iii) Trade payables | | | |
| Total outstanding dues of Micro enterprises and small enterprises | 54 | 49.45 | 28.24 |
| Total outstanding dues of creditors other than Micro enterprises and small enterprises | | 976.90 | 889.70 |
| (iv) Other Financial Liabilities | 22 | 259.03 | 722.87 |
| (b) Other Current Liabilities | 23 | 222.91 | 185.75 |
| (c) Provisions | 24 | 33.81 | 31.78 |
| (d) Current Tax Liabilities (Net) | 25 | 71.66 | 39.42 |
| **Total Current Liabilities** | | **3,033.34** | **2,490.28** |
| **Total Liabilities** | | **6,100.44** | **5,294.78** |
| **Total Equity & Liabilities** | | **12,797.04** | **10,899.78** |

The above Consolidated Balance Sheet should be read in conjuction with the accompanying notes

Summary of significant accounting policies 2

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930
Mumbai, May 24, 2022

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

**Nandini Piramal**
Chairperson
DIN: 00286092

**Vivek Valsaraj**
Chief Financial Officer

**Tanya Sanish**
Company Secretary

Mumbai, May 24, 2022

**PIRAMAL PHARMA LIMITED**
**Consolidated Statement of Profit and Loss for the year ended March 31, 2022**

| Particulars | Note No. | For the year ended March 31, 2022 Rs. in Crores | For the period 04/03/2020- 31/03/2021 Rs. in Crores |
|---|---|---|---|
| Revenue from operations | 27 | 6,559.10 | 6,314.90 |
| Other Income (Net) | 28 | 275.80 | 164.11 |
| **Total Income** | | **6,834.90** | **6,479.01** |
| **Expenses** | | | |
| Cost of materials consumed | 29 | 1,566.96 | 1,518.08 |
| Purchases of Stock-in-Trade | 30 | 829.07 | 593.77 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 31 | 55.21 | (52.74) |
| Employee benefits expense | 32 | 1,588.83 | 1,467.74 |
| Finance costs | 33 | 198.25 | 163.45 |
| Depreciation and amortization expense | 3 & 52 | 586.18 | 545.04 |
| Other expenses, (Net) | 34 | 1,569.37 | 1,360.09 |
| **Total Expenses** | | **6,393.87** | **5,595.43** |
| **Profit before share of net profit of associates and joint ventures, exceptional items and tax** | | **441.03** | **883.58** |
| Share of net profit of associates and joint ventures | 4 (a) | 59.03 | 47.24 |
| **Profit after share of net profit of associates and joint ventures before exceptional items and tax** | | **500.06** | **930.82** |
| Exceptional Items | 35 | (15.08) | 18.23 |
| **Profit after share of net profit of associates and joint ventures and before tax** | | **484.98** | **949.05** |
| Less: Income Tax Expense | | | |
| Current Tax | 49 | 191.13 | 116.34 |
| Deferred Tax, Net | 49 | (82.11) | (2.32) |
| **Profit for the year** | | **375.96** | **835.03** |
| **Other Comprehensive Income / (Loss) (OCI), net of tax expense:** | 36 | | |
| **A. Items that will not be reclassified to profit or loss** | | | |
| (a) Remeasurement of Post Employment Benefit Obligations | | 0.40 | (3.29) |
| Income Tax Impact on above | | (0.07) | 0.82 |
| | | **0.33** | **(2.47)** |
| **B. Items that will be reclassified to profit or loss** | | | |
| (a) Deferred gains on cash flow hedge | | 8.39 | 7.81 |
| (b) Exchange differences on translation of financial statements of foreign operations | | 97.58 | 114.11 |
| (c) Gain on bargain purchase | | - | 7.43 |
| Income Tax Impact on above | | (7.56) | (0.33) |
| | | **98.41** | **129.02** |
| **Other Comprehensive Income (OCI) for the period, net of tax expense** | | **98.74** | **126.55** |
| **Total Comprehensive Income for the period, net of tax expense** | | **474.70** | **961.58** |
| **Earnings per equity share (Basic) (Rs.) (Face value of Rs. 10/- each)** | 42 | 3.19 | 13.30 |
| **Earnings per equity share (Diluted) (Rs.) (Face value of Rs. 10/- each)** | 42 | 3.19 | 13.30 |

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying notes

In terms of our report attached
**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, May 24, 2022

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

**Nandini Piramal**
Chairperson
DIN: 00286092

**Vivek Valsaraj**
Chief Financial Officer

**Tanya Sanish**
Company Secretary

Mumbai, May 24, 2022

**Piramal Pharma Limited**
**Consolidated Cash Flow Statement for the year ended March 31, 2022**

| | For the year ended March 31, 2022 Rs. in Crores | For the period March 04, 2020 to March 31, 2021 Rs. in Crores |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before share of net profit of associates and joint ventures, exceptional items and tax | 441.03 | 883.58 |
| Less : Profit for the period March 4, 2020 to October 05, 2020, net off dividend from associates | - | (243.90) |
| | 441.03 | 639.68 |
| Adjustments for : | | |
| Depreciation and amortisation expense | 559.71 | 462.36 |
| Provision written back | (60.13) | (1.72) |
| Finance Costs considered separately | 198.25 | 163.45 |
| Fair valuation of Financial assets | (21.18) | 0.86 |
| Amortisation of grants & Other deferred income | (39.53) | (28.75) |
| Gain on additional stake in Convergence | - | (26.31) |
| Interest Income on Financial assets | (0.68) | (4.02) |
| IndAS 116 non cash impact | 26.47 | - |
| (Gain)/Loss on Sale of Property Plant and Equipment | 0.54 | (21.08) |
| Profit on Sale on Current Investment (Net) | (1.95) | - |
| Write-down of Inventories | 45.18 | 36.11 |
| Expected Credit Loss on Trade Receivables | 7.44 | 2.75 |
| Unrealised foreign exchange loss | 72.98 | 138.34 |
| **Operating Profit Before Working Capital Changes** | **1,228.13** | **1,361.67** |
| Adjustments For Changes In Working Capital : | | |
| Adjustments for (increase) / decrease in operating assets | | |
| - Trade receivables | (185.17) | (515.45) |
| - Other Current Assets | (118.14) | (4.38) |
| - Other Non Current Assets | 8.93 | (29.80) |
| - Other Financial Assets - Non Current | (24.20) | (45.65) |
| - Inventories | (175.64) | (89.26) |
| - Other Financial Assets - Current | 52.02 | (85.27) |
| Adjustments for increase / (decrease) in operating liabilities | | |
| - Trade Payables | 79.12 | 145.54 |
| - Non - Current provisions | 4.87 | (30.23) |
| - Other Current Financial Liabilities | 37.90 | (31.39) |
| - Other Current Liabilities | 17.39 | 72.84 |
| - Current provisions | 1.60 | 17.93 |
| - Other Non-current Financial Liabilities | (6.28) | 4.31 |
| - Other Non-current Liabilities | 15.31 | (28.77) |
| **Cash Generated from Operations** | **935.84** | **742.09** |
| - Taxes Paid (Net of Refunds) | (169.42) | (144.51) |
| **Net Cash Generated from Operating Activities** | **766.42** | **597.58** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Payments for Purchase of Property Plant and Equipment / Intangible Assets | (889.51) | (602.19) |
| Proceeds from Sale of Property Plant and Equipment / Intangible Assets | 32.42 | - |
| Purchase of Current Investments (Net) | (48.45) | - |
| Purchase of Non Current Investments | (2.74) | (5.57) |
| Interest Received | 0.68 | 4.02 |
| Payment for purchase of pharma business | - | (3,710.00) |
| Other Bank Balances | (79.64) | (17.78) |
| Dividend received (net of TDS of Rs. 9.07 crores) | 81.59 | 49.00 |
| Investment in Associate | (101.77) | - |
| Amount paid on acquisition of subsidiary | (790.74) | (197.40) |
| Transaction cost paid for acquisition of subsidiary | (13.94) | - |
| **Net Cash Used in Investing Activities** | **(1,812.10)** | **(4,479.93)** |

PIRAMAL PHARMA LIMITED MUMBAI

DELOITTE HASKINS & SELLS LLP MUMBAI

Piramal Pharma Limited
Consolidated Cash Flow Statement for the year ended March 31, 2022

| | For the year ended March 31, 2022 Rs. in Crores | For the period March 04, 2020 to March 31, 2021 Rs. in Crores |
|---|---|---|
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from Non - Current Borrowings | | |
| - Receipts | 903.83 | 1,677.68 |
| - Payments | (237.95) | (1,666.00) |
| Proceeds from Current Borrowings | | |
| - Receipts | 1,349.72 | 869.08 |
| - Payments | (996.47) | (1,145.96) |
| Lease payments | | |
| - Principal | (30.43) | (3.79) |
| - Interest | (5.73) | (4.44) |
| Rights issue proceeds | - | 785.00 |
| Receipt from issue of equity shares | - | 3,448.41 |
| Finance Costs Paid | (138.78) | (159.00) |
| Dividend Paid | (50.00) | - |
| Proceeds from Compulsorily Convertible Preference share Issue | - | 75.00 |
| Mark to market gains on forward contracts taken against the inflow from equity investment from Carlyle | - | 100.85 |
| **Net Cash Generated from Financing Activities** | **794.19** | **3,976.83** |
| **Net Increase in Cash & Cash Equivalents [(A)+(B)+(C)]** | (251.49) | 94.48 |
| **Cash and Cash Equivalents as at Opening** | 261.97 | 151.95 |
| **Add: Effect of exchange fluctuation on cash and cash equivalents** | (2.04) | 4.22 |
| **Add: Cash balance acquired** | 76.74 | 11.32 |
| **Cash and Cash Equivalents as at March 31** | **85.18** | **261.97** |
| **Cash and Cash Equivalents Comprise of :** | | |
| Cash on Hand | 0.09 | 0.13 |
| Bank Overdraft | (142.92) | (122.67) |
| Balance with Scheduled Banks in Current Accounts | 228.01 | 384.51 |
| | **85.18** | **261.97** |

**Note**

1. On October 01, 2021, the Company had alloted 9,657,423 equity shares of face value Rs. 10 each fully paid-up in lieu of consideration payable to Piramal Enterprises Limited amounting to Rs. 592 crores.

2. On October 01, 2021, the Company had alloted 3,988,262 rquity shares of face value Rs. 10 each fully paid-up in lieu of conversion of compulsory convertible preference shares to CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) amounting to Rs. 75 crores.

3. On October 04, 2021, the Company had issued 177,665,757 equity shares as bonus shares to the existing shareholders in the ratio 5.674:1

4. During the previous year, the Company had issued 1,06,71,651 fully paid equity shares with face value of Rs. 10 each and carrying security premium of Rs. 163.36 per share, aggregating to Rs. 185 crores in exchange for 1,00,000 fully paid equity share of Rs. 10 each of Piramal Healthcare Inc. having a carrying value of Rs 86.44 crores, acquired pursuant to agreement for purchase of Pharma business entered into between the Company and Piramal Enterprises Limited (Refer note 63(B)(iii)).

The above Statement of Cash flow should be read in conjunction with the accompanying notes.

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, May 24, 2022

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

**Nandini Piramal**
Chairperson
DIN:00286092

**Vivek Valsaraj**
Chief Financial Officer

**Tanya Sanish**
Company Secretary

Mumbai, May 24, 2022

**PIRAMAL PHARMA LIMITED**
**Consolidated Statement of Changes in Equity for the year ended March 31, 2022**

**A. Equity Share Capital (Refer Note 14):**

| Particulars | Rs. in Crores |
|---|---|
| **At the incorporation of the Company** | **0.01** |
| Issued during the period (Refer note 63(B)(iii)) | 994.59 |
| **Balance as at March 31, 2021** | **994.60** |
| Issued during the year | 191.31 |
| **Balance as at March 31, 2022** | **1,185.91** |

**B. Share warrants:**

| Particulars | |
|---|---|
| **Balance as at March 04, 2020** | - |
| Issued during the period | 0.10 |
| **Balance as at March 31, 2021** | **0.10** |
| Lapsed during the year | (0.10) |
| **Balance as at March 31, 2022** | - |

**C. Other Equity:**

(Rs. in Crores)

| Particulars | Notes | Attributable to the owners of Piramal Pharma Limited | | | | | |
|---|---|---|---|---|---|---|---|
| | | Reserves & Surplus | | | Other Items in OCI | | |
| | | Securities Premium | Capital Reserve | Retained Earnings | Foreign Currency Translation Reserve | Cash Flow Hedging Reserve | Other equity |
| **Balance as at March 04, 2020** | | - | - | - | - | - | - |
| On account of Business Combination (Refer note 63(B)(iii)) | | - | 399.23 | - | - | - | 399.23 |
| **Adjusted balance as at March 04, 2020** | | - | **399.23** | - | - | - | **399.23** |
| Profit after tax for the period | | - | - | 835.03 | - | - | 835.03 |
| Other Comprehensive Income, net of tax expense for the period | 15 | - | - | (2.47) | 115.71 | 5.88 | 119.12 |
| Issue of Equity Shares during the period (Refer note 63(B)(iii)) | | 3,249.49 | - | - | - | - | 3,249.49 |
| Gain on bargain purchase (Refer note 63(B)(i)) | | | 7.43 | | | | 7.43 |
| **Balance as at March 31, 2021** | | **3,249.49** | **406.66** | **832.56** | **115.71** | **5.88** | **4,610.30** |

| Particulars | Notes | Attributable to the owners of Piramal Pharma Limited | | | | | |
|---|---|---|---|---|---|---|---|
| | | Reserves & Surplus | | | Other Items in OCI | | |
| | | Securities Premium | Capital Reserve | Retained Earnings | Foreign Currency Translation Reserve | Cash Flow Hedging Reserve | Other equity |
| **Balance as at April 1, 2021** | | **3,249.49** | **406.66** | **832.56** | **115.71** | **5.88** | **4,610.30** |
| Profit after tax for the year | | - | - | 375.96 | - | - | 375.96 |
| Other Comprehensive Income, net of tax expense for the year | | - | - | 0.33 | 92.20 | 6.21 | 98.74 |
| Issue of Equity Shares (Refer note 14) | 15 | 475.69 | - | - | - | - | 475.69 |
| Dividend paid during the year | | - | - | (50.00) | - | - | (50.00) |
| **Balance as at March 31, 2022** | | **3,725.18** | **406.66** | **1,158.85** | **207.91** | **12.09** | **5,510.69** |

The above Consolidated Statement of Changes in Equity to be read in conjuction with accompanying notes

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, May 24, 2022

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

**Nandini Piramal**
Chairperson
DIN: 00286092

**Vivek Valsaraj**
Chief Financial Officer

**Tanya Sanish**
Company Secretary

Mumbai, May 24, 2022

**1. GENERAL INFORMATION**

Piramal Pharma Limited (PPL, 'Company', 'Parent') (including its subsidiaries) (the Parent and its subsidiaries together referred to as 'Group') is one of India's largest Pharmaceuticals company.

In Pharma, through end-to-end manufacturing capabilities across 14 global facilities and a large global distribution network to over 100 countries, The Group sells a portfolio of niche differentiated pharma products and provides an entire pool of pharma services (including in the areas of injectable, HPAPI etc.). The Company is also strengthening its presence in the Consumer Products segment in India.

PPL is a public limited Company incorporated and domiciled in India and has its registered office at Mumbai, India.

**2a. SIGNIFICANT ACCOUNTING POLICIES**

**i) Basis of preparation**

**Compliance with Ind AS**

The Consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.
The Separate financial statements are presented in addition to the consolidated financial statements presented by the Group.

**Historical Cost convention**

The Consolidated financial statements have been prepared on the historical cost basis except for the following:
a) certain financial instruments and contingent consideration - measured at fair value
b) assets classified as held for sale - measured at fair value less cost to sell
c) cash settled stock appreciation rights - measured at fair value
d) plan assets of defined benefit plans, which are measured at fair value

**ii) Principles of consolidation and equity accounting**

**a) Subsidiaries:**

Subsidiaries are all entities (including Structured entities) over which the group has control. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.
Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

**b) Associates:**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost. Wherever necessary, adjustments are made to financial statements of associates to bring there accounting policies in line with those used by the other members of group.

**c) Equity method:**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of post acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates or joint ventures are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy mentioned in Note 2a (vi) below.

**d) Changes in ownership interests**

The group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the group. A change in the ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non controlling interests and any consideration paid or received is recognised within equity.

**iii) Business Combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:
- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.
Acquisition-related costs are expensed as incurred.

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The excess of the
- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.
Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.
If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

**Common control transactions**
Business combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follows:

1) The assets and liabilities of the combining entities are reflected at their carrying amounts. The Group has made accounting policy choice to account investment in associates and joint venture at a carrying cost as appearing in the books of acquiree.

2) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.
3) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
4) The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
5) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

6) The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.

iv) (a) **Property, Plant and Equipment**

Freehold Land is carried at historical cost. All other items of Property Plant & Equipments are stated at cost of acquisition, less accumulated depreciation and accumulated impairment losses, if any. Direct costs are capitalised until the assets are ready for use and includes freight, duties, taxes and expenses incidental to acquisition and installation.
The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.
Subsequent expenditures related to an item of Property Plant & Equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Group & cost can be reliably measured.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, Plant and Equipment are recognised in the Statement of Profit and Loss.

**Depreciation**

Depreciation is provided on a pro-rata basis on the straight line method ('SLM') over the estimated useful lives of the assets specified in Schedule II of the Companies Act, 2013 / estimated useful lives as determined by the management of respective subsidiaries based on technical evaluation. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The estimated useful lives of Property, Plant & Equipment are as stated below:

| Asset Class | Useful life |
|---|---|
| Buildings* | 3 years - 60 years |
| Roads | 10 years |
| Plant & Equipment | 3 - 20 years |
| Continuous Process Plant | 25 years |
| Office Equipment | 3 years - 15 years |
| Motor Vehicles | 4 - 8 years |
| Furniture & fixtures | 3 - 15 years |

*Useful life of leasehold improvements is as per lease period

(v) (a) **Intangible Assets**
Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.
Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Consolidated Statement of Profit and Loss.
The research and development (R&D) cost is accounted in accordance with Ind AS - 38 'Intangibles'.

**Research**
Research costs, including patent filing charges, technical know-how fees, testing charges on animal and expenses incurred on development of a molecule till the stage of Pre-clinical studies and till the receipt of regulatory approval for commencing phase I trials are treated as revenue expenses and charged off to the Statement of Profit and Loss of respective year.

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**Development**
Development costs relating to design and testing of new or improved materials, products or processes are recognized as intangible assets and are carried forward under Intangible Assets under Development until the completion of the project when they are capitalised as Intangible assets, if the following conditions are satisfied:

- It is technically feasible to complete the asset so that it will be available for use;
- Management intends to complete the asset and use or sell it;
- There is an ability to use or sell the asset;
- It can be demonstrated how the asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- The expenditure attributable to the asset during its development can be reliably measured.

Intangible Assets with finite useful lives are amortized on a straight line basis over the following period:

| Asset Class | Useful life |
|---|---|
| Brands and Trademarks | 5 - 25 years |
| Copyrights, Know-how (including qualifying Product Development Cost) and Intellectual property rights | 4 - 30 years |
| Computer Software | 2 - 9 years |
| Customer relationships | 8 - 14 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Certain trademarks are assessed as Intangible Assets with indefinite useful lives.

(v) (b) **Goodwill**
Goodwill on acquisition is included in intangible assets. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Goodwill is carried at cost less accumulated impairment losses.

vi) **Impairment of Assets**
The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. For the purposes of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Consolidated Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists or may have decreased, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

vii) **Financial instruments**
Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Investments and Other Financial assets**

Classification:
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will be recorded in profit or loss.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**Amortised cost:**
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. Subsequently, these are measured at amortised cost using the Effective Interest Method less any impairment losses.

**Fair value through profit or loss (FVTPL):**
Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the consolidated statement of profit and loss.

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Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss ("ECL") allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

A financial asset is derecognised only when:

- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

**Financial liabilities and equity instruments**

Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.

Compulsorily Convertible Preference Shares

Compulsorily Convertible Preference Shares are classified as a financial liability measured at amortised cost until it is extinguished on conversion.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Group does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with Ind AS 109; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

**Derivatives and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period..The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

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The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedges that qualify for hedge accounting:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

(ii) Derivatives that are not designated as hedges:

The group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

**Offsetting Financial Instruments**

Financial Assets and Liabilities are offset and the net amount is reflected in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or counterparty.

viii) **Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

ix) **Inventories**

Inventories comprise of Raw and Packing Materials, Work in Progress, Finished Goods (Manufactured and Traded) and Stores and Spares. Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on Weighted Average basis. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. The cost of Work-in-progress and Finished Goods comprises of materials, direct labour, other direct costs and related production overheads and Excise duty as applicable.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

x) **Employee Benefits**

**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long-term employee benefit obligations**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

**(iii) Post-employment obligations**

The Group operates the following post-employment schemes:

- Defined Contribution plans such as provident fund, superannuation, pension, employee state insurance scheme and other social security schemes in overseas jurisdictions
- Defined Benefit plans such as provident fund and Gratuity, Pension fund (in case of a subsidiary)

In case of Provident fund, contributions are made to a Trust administered by the Group, except in case of certain employees, where the Contributions are made to the Regional Provident Fund Office.

**Defined Contribution Plans**

The Group's contribution to provident fund (in case of contributions to the Regional Provident Fund office), pension and employee state insurance scheme and other social security schemes in overseas jurisdictions are considered as defined contribution plans, as the Group does not carry any further obligations apart from the contributions made on a monthly basis and are charged as an expense based on the amount of contribution required to be made.

In case of 401(k) contribution plan (in case of US subsidiaries), contribution by the Group is discretionary. Any contribution made is charged to the Statement of Profit and Loss.

**Defined Benefit Plan**

The liability or asset recognised in the balance sheet in respect of defined benefit provident and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Except in case of an overseas subsidiary, the present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.
In case of an overseas subsidiary, where pension is classified as a Defined Benefit Scheme, assets are measured using market values and liabilities are measured using a Projected Unit Credit method and discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which benefits will be paid, and that have terms approximating to the terms of the related obligation. Shortfall, if any, is provided for in the financial statements.

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets (excluding interest income) are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.
Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.
Bonus Plans - The Group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

xi) **Provisions and Contingent Liabilities**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.
Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

xii) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.
**Sale of goods:** Revenue from the sale of goods is recognised when the Group transfers Control of the product. Control of the product transfers upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the Group has not retained any significant risks of ownership or future obligations with respect to the product shipped. Amounts disclosed as revenue are net off returns, trade allowances, rebates and indirect taxes.
**Sale of Services:** In contracts involving the rendering of services/development contracts, revenue is recognised at the point in time in which services are rendered. Advisory fees are accounted on an accrual basis in accordance with the Investment Management Agreement and Advisory Services Agreement.
In case of fixed price contracts, the customer pays a fixed amount based on the payment schedule and the Group recognises revenue on the basis of input method. If the services rendered by the Group exceed the payment, a Contract asset (Unbilled Revenue) is recognised. If the payments exceed the services rendered, a contract liability (Deferred Revenue/Advance from Customers) is recognised.
If the contracts involve time-based billing, revenue is recognised in the amount to which the Group has a right to invoice.

xiii) **Foreign Currency Transactions**

In preparing the financial statements of each individual Company entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations that have a functional currency other than presentation currency i.e. Indian Rupees are translated using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and held in foreign currency translation reserve (FCTR), a component of equity, except to the extent that the translation difference is allocated to non-controlling interest. When a foreign operation is disposed off, the relevant amount recognized in FCTR is transferred to the statement of income as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

Foreign currency differences arising from translation of intercompany receivables or payables relating to foreign operations, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of net investment in foreign operation and are recognized in FCTR.

xiv) **Exceptional Items**

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

xv) **Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.
Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.
Government grants relating to purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented within other income.

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xvi) **Leases**

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

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

xvii) **Taxes on Income**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

xviii) **Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

xix) **Borrowing Costs**

General and specific borrowing costs directly attributable to acquisition or construction of qualifying assets (i.e. those Property, Plant & Equipments which necessarily take a substantial period of time to get ready for their intended use) are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

xx) **Deferred Revenue and Unbilled Revenue**

Amounts received from customers or billed to customers, in advance of services performed are recorded as deferred revenue under Other Current Liabilities. Unbilled revenue included in Other Financial Assets, represents amounts recognised in respect of services performed in accordance with contract terms, not yet billed to customers as at the year end.

xxi) **Segment Reporting**

The Group is operating in single reportable segment of 'Pharma' in terms of Ind AS 108.

xxii) **Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

**Ind AS 103** – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements.

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**Ind AS 16 – Proceeds before intended use**
The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Group is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.
**Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**
The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.
**Ind AS 109** – Annual Improvements to Ind AS (2021)
The amendment clarifies the treatment of any cost or fees incurred by an entity in the process of derecognition of financial liability in case of repurchase of the debt instrument by the issuer. The Group does not expect the amendment to have any significant impact in its financial statements.
**Ind AS 106** – Annual Improvements to Ind AS (2021)
The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

xxiii) **Dividends**
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xxiv) **Share appreciation rights**
Liabilities for the group's share appreciation rights are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as employee benefit obligations in the balance sheet.

xxv) **Rounding of amounts**
All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

**2b. Critical accounting judgements and key sources of estimation uncertainties**

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

i) **Estimation of uncertainty relating to COVID-19 global health pandemic:**
In assessing the recoverability of receivables, intangible assets and deferred tax assets, the Group has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these Consolidated financial statements. The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the carrying amount of these assets represent the Group's best estimate of the recoverable amounts. As a result of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Group will continue to monitor any changes to the future economic conditions. Also refer note 3, 9, 38, 46(a), 51.

ii) **Fair Valuation:**
Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset and liability, the Group uses market observable data to the extent it is available. When Level 1 inputs are not available, the Group engages third party qualified external valuers to establish the appropriate valuation techniques and inputs to the valuation model.
Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 51.

iii) **Impairment of Goodwill (Refer Note 38)**
Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. The recoverable amount is higher of the Value-in-Use and Fair Value Less Cost To Sell (FVLCTS). The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

iv) **Deferred Taxes**
Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Group considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

v) **Functional Currency (Refer Note 46(c))**
Functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operate. The Group assesses the factors as per Ind AS 21 in determining the functional currency of the Company and its subsidiaries. If there is any change in underlying transactions, events and conditions in the Company or its subsidiary, the Group reassesses the functional currency.

vi) **Assessment of Significant influence (Refer Note 37 (c))**
Irrespective of the voting rights in an entity, if the Company has a right to appoint Directors or participates in all significant financial and operating decisions of an investee, there is an existence of significant influence and the investment is considered as an Associate.

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**Notes to the Consolidated financial statements for the year ended March 31, 2022**

**3. Property Plant & Equipment and Intangible assets**

(Rs. In crores)

| Particulars | GROSS BLOCK | | | | | | ACCUMULATED DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening as at April 01, 2021 | Acquisition refer note 63(A)(i) | Additions | Deductions/ Adjustments | Exchange/ Difference | As at 31/03/2022 (A) | Opening as at April 01, 2021 | For the period # | Deductions/ Adjustments | Exchange /Difference | As at 31/03/2022 (B) | As at 31/03/2022 (A)-(B) | As at 31/03/2021 |
| **Property, Plant & Equipment** | | | | | | | | | | | | | |
| Land Freehold | 128.36 | - | 1.34 | - | 0.34 | 130.04 | 1.18 | 0.38 | - | 0.04 | 1.60 | 128.44 | 127.18 |
| Building | 1,020.83 | 7.44 | 161.28 | - | 10.04 | 1,199.59 | 115.70 | 38.27 | 0.00 | 1.17 | 155.14 | 1,044.45 | 905.13 |
| Roads | 3.64 | - | - | - | 0.07 | 3.71 | 1.96 | 0.22 | - | 0.03 | 2.21 | 1.50 | 1.68 |
| Plant & Equipment | 2,598.43 | 28.22 | 345.85 | (45.16) | 38.25 | 2,965.59 | 1,037.07 | 277.67 | (12.56) | 15.62 | 1,317.80 | 1,647.79 | 1,561.36 |
| Furniture & fixtures | 58.40 | 0.16 | 7.38 | (0.13) | 0.76 | 66.57 | 28.91 | 7.38 | (0.07) | 0.35 | 36.57 | 30.00 | 29.49 |
| Office Equipment | 27.19 | 0.29 | 5.25 | (0.04) | 0.05 | 32.74 | 16.15 | 5.19 | (0.03) | 0.02 | 21.33 | 11.41 | 11.04 |
| Motor Vehicles | 1.28 | 0.02 | 0.02 | (0.07) | 0.02 | 1.27 | 0.60 | 0.26 | (0.08) | 0.01 | 0.79 | 0.48 | 0.68 |
| **Total ( I )** | **3,838.13** | **36.13** | **521.12** | **(45.40)** | **49.53** | **4,399.51** | **1,201.57** | **329.37** | **(12.74)** | **17.24** | **1,535.44** | **2,864.07** | **2,636.56** |
| **Intangible Assets** | | | | | | | | | | | | | |
| Customer relations* | 126.75 | - | - | - | 3.94 | 130.69 | 45.05 | 11.75 | - | 1.11 | 57.91 | 72.78 | 81.70 |
| Product related Intangibles - Brands and Trademarks*+ | 2,672.04 | - | 8.13 | - | 77.14 | 2,757.31 | 609.50 | 173.46 | - | 15.61 | 798.57 | 1,958.74 | 2,062.54 |
| Product related Intangibles - Copyrights,Knowhow and Intellectual property rights* | 295.99 | - | 17.44 | - | 9.13 | 322.56 | 110.04 | 21.29 | - | 2.60 | 133.93 | 188.63 | 185.95 |
| Computer Software | 89.44 | - | 13.59 | - | 1.09 | 104.12 | 49.88 | 9.97 | - | 0.45 | 60.30 | 43.82 | 39.56 |
| Product Know-how | 143.68 | 405.62 | 38.05 | - | (0.07) | 587.28 | 31.15 | 13.87 | - | 0.14 | 45.16 | 542.12 | 112.53 |
| **Total ( II )** | **3,327.90** | **405.62** | **77.21** | **-** | **91.23** | **3,901.96** | **845.62** | **230.34** | **-** | **19.91** | **1,095.87** | **2,806.09** | **2,482.28** |
| **Grand Total ( I + II )** | **7,166.03** | **441.75** | **598.33** | **(45.40)** | **140.76** | **8,301.47** | **2,047.19** | **559.71** | **(12.74)** | **37.15** | **2,631.31** | **5,670.16** | **5,118.84** |

***Material Intangible Assets as on March 31, 2022 and March 31, 2021**

Rs. in crores

| Asset Class | Asset Description | Carrying Value as at March 31, 2022 | Carrying Value as at March 31, 2021 | Remaining useful life as on March 31, 2022 |
|---|---|---|---|---|
| Product-related Intangibles - Brands and Trademarks | Brands and trademarks | 269.94 | 293.46 | 2 years to 15 years |
| Product-related Intangibles - Brands and Trademarks | Purchased Brands | 1,698.80 | 1,738.77 | 16-21 years |
| Customer Relations | Purchased Brands | 41.02 | 47.52 | 6 years |
| Product-related Intangibles - Copyrights, Knowhow and Intellectual property rights | Purchased Brands | 163.97 | 169.68 | 6 years |

# Depreciation for the period includes depreciation amounting to Rs. 7.88 Crores (Previous year: 9.12 Crores) on assets used for Research and Development locations at Ennore and Mumbai.

+ Certain Brands are in the process of being registered in the name of the Company, for which the necessary application has been made with trade mark registry.

Refer note 26B(a) for the contractual capital commitments for purchase of Property, Plant & Equipment

There has been no revaluation of Property, Plant and Equipment (PPE) and Intangibles during the year ended March 31, 2022

Refer note 55 and 56 for ageing of Capital Work in Progress and Intangible Assets under development

Considering internal and external sources of information, the Group has evaluated at the end of the reporting period, whether there is any indication that any intangible asset may be impaired. Where such indication exists, the Group has estimated the recoverable amount of the intangible assets based on 'value in use' method. The financial projections on the basis of which the future cash flows have been estimated consider (a) an increase in economic uncertainties due to COVID-19, (b) reassessment of the discount rates, (c) revisiting the growth rates factored while arriving at terminal value, and these variables have been subjected to a sensitivity analysis. The carrying amount of the intangible assets represent the Group's best estimate of the recoverable amounts.

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Notes to the Consolidated financial statements for the year ended March 31, 2022

3. Property Plant & Equipment and Intangible assets

(Rs. In crores)

| Particulars | GROSS BLOCK | | | | | | ACCUMULATED DEPRECIATION | | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balances Acquired as at March 04, 2020 refer note 63(B)(iii) | Acquisition refer note 63(B)(i) & (B)(ii) | Additions | Deductions/ Adjustments | Exchange/ Difference | As at 31/03/2021 (A) | Balances Acquired as at March 04, 2020 refer note 63(B)(iii) | For the period # | Deductions/ Adjustments | Exchange /Difference | As at 31/03/2021 (B) | As at 31/03/2021 (A)-(B) |
| **Property, Plant & Equipment** | | | | | | | | | | | | |
| Land Freehold @ | 106.85 | 18.38 | - | (0.43) | 3.56 | 128.36 | 2.09 | 0.23 | - | (1.14) | 1.18 | 127.18 |
| Building @ | 925.27 | 99.45 | 17.11 | (15.08) | (5.92) | 1,020.83 | 95.60 | 33.36 | (6.63) | (6.63) | 115.70 | 905.13 |
| Roads | 2.08 | - | - | - | 1.56 | 3.64 | 0.63 | 0.24 | - | 1.09 | 1.96 | 1.68 |
| Plant & Equipment | 2,130.83 | 166.62 | 320.02 | (34.69) | 15.65 | 2,598.43 | 810.01 | 255.23 | (19.45) | (8.72) | 1,037.07 | 1,561.36 |
| Furniture & fixtures | 61.63 | 0.57 | 4.94 | (1.70) | (7.04) | 58.40 | 28.74 | 7.83 | (1.21) | (6.45) | 28.91 | 29.49 |
| Office Equipment | 26.23 | 0.33 | 3.06 | (2.71) | 0.28 | 27.19 | 12.67 | 4.78 | (1.50) | 0.20 | 16.15 | 11.04 |
| Motor Vehicles | 1.57 | - | 0.02 | (0.30) | (0.01) | 1.28 | 0.45 | 0.20 | (0.04) | (0.01) | 0.60 | 0.68 |
| **Total ( I )** | **3,254.46** | **285.35** | **345.15** | **(54.91)** | **8.08** | **3,838.13** | **950.19** | **301.87** | **(28.83)** | **(21.66)** | **1,201.57** | **2,636.56** |
| **Intangible Assets** | | | | | | | | | | | | |
| Customer relations* | 105.98 | - | - | - | 20.77 | 126.75 | 13.49 | 11.09 | - | 20.47 | 45.05 | 81.70 |
| Product related Intangibles - Brands and Trademarks*+ | 2,545.90 | - | - | - | 126.14 | 2,672.04 | 383.73 | 157.68 | - | 68.09 | 609.50 | 2,062.54 |
| Product related Intangibles - Copyrights,Knowhow and Intellectual property rights* | 261.96 | - | 3.16 | - | 30.87 | 295.99 | 31.47 | 17.52 | - | 61.05 | 110.04 | 185.95 |
| Computer Software | 59.54 | 10.16 | 18.06 | (0.87) | 2.55 | 89.44 | 36.63 | 14.01 | (0.87) | 0.11 | 49.88 | 39.56 |
| Product Know-how | 67.20 | - | 73.53 | (2.32) | 5.27 | 143.68 | 9.69 | 22.30 | (1.04) | 0.20 | 31.15 | 112.53 |
| **Total ( II )** | **3,040.58** | **10.16** | **94.75** | **(3.19)** | **185.60** | **3,327.90** | **475.01** | **222.60** | **(1.91)** | **149.92** | **845.62** | **2,482.28** |
| **Grand Total ( I + II )** | **6,295.04** | **295.51** | **439.90** | **(58.10)** | **193.68** | **7,166.03** | **1,425.20** | **524.47** | **(30.74)** | **128.26** | **2,047.19** | **5,118.84** |

***Material Intangible Assets as on March 31, 2021**

Rs. in crores

| Asset Class | Asset Description | Carrying Value as at March 31, 2021 | Remaining useful life as on March 31, 2021 |
|---|---|---|---|
| Product-related Intangibles - Brands and Trademarks | Brands and trademarks | 293.46 | 3 years to 12 years |
| Product-related Intangibles - Brands and Trademarks | Purchased Brands | 1,738.77 | 17-22 years |
| Customer Relations | Purchased Brands | 47.52 | 7 years |
| Product-related Intangibles - Copyrights, Knowhow and Intellectual property rights | Purchased Brands | 169.68 | 7 years |

# Depreciation for the period includes depreciation amounting to Rs. 9.12 Crores on assets used for Research and Development locations at Ennore and Mumbai.

+ Certain Brands are in the process of being registered in the name of the Company, for which the necessary application has been made with trade mark registry.

@ Certain land and buildings were acquired, pursuant to Business transfer agreement between the Company and Piramal Enterprises Limited (Refer note 63(B)(iii)). The Company has completed the process of transferring title deeds in it's name during the current year ended March 31, 2022.

Refer note 26B(a) for the contractual capital commitments for purchase of Property, Plant & Equipment

There has been no revaluation of Property, Plant and Equipment (PPE) and Intangibles during the year ended March 31, 2021

Refer note 55 and 56 for ageing of Capital Work in Progress and Intangible Assets under development

Considering internal and external sources of information, the Group has evaluated at the end of the reporting period, whether there is any indication that any intangible asset may be impaired. Where such indication exists, the Group has estimated the recoverable amount of the intangible assets based on 'value in use' method. The financial projections on the basis of which the future cash flows have been estimated consider (a) an increase in economic uncertainties due to COVID-19, (b) reassessment of the discount rates, (c) revisiting the growth rates factored while arriving at terminal value, and these variables have been subjected to a sensitivity analysis. The carrying amount of the intangible assets represent the Group's best estimate of the recoverable amounts.

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Notes to the Consolidated financial statements for the year ended March 31, 2022

## 4 (a) Investments accounted for using the equity method

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Quantity | (Rs. in crores) | Quantity | (Rs. in crores) |
| **Investments in Equity Instruments:** | | | | |
| **A. In Joint Ventures (Unquoted) - At Cost:** | | | | |
| i. Convergence Chemicals Private Limited | | | | |
| Interest as at April 01, 2021 (Previous year - March 04, 2020) | | - | 3,57,05,100 | 36.75 |
| Add - Share of profit for the period | | - | | 15.40 |
| Less - Share of unrealised profit on closing stock | | - | | (10.70) |
| Add - Share of other comprehensive income for the year | | - | | * |
| Less- De-recognised on conversion (Refer note 63(B)(ii)) | | - | | (41.45) |
| | | - | | 0.00 |
| **Total (A)** | | - | | 0.00 |
| **B. In Associates :** | | | | |
| **I Unquoted - At Cost:** | | | | |
| i. Allergan India Private Limited | | | | |
| Interest as at April 01, 2021 (Previous year - March 04, 2020) | 39,20,000 | 109.67 | 39,20,000 | 191.67 |
| Add - Share of profit for the period | | 59.07 | | 42.54 |
| Add - Share of other comprehensive income for the year | | * | | * |
| Less - Dividend received | | (90.65) | | (124.54) |
| | | 78.09 | | 109.67 |
| ii. Yapan Bio Private Limited (refer note 37(c)(ii)) | | | | |
| Interest as at April 01, 2021 | | - | | - |
| Add - Investment during the year | 1,00,000 | 101.77 | | - |
| Add - Share of profit for the period | | (0.04) | | - |
| Add - Share of other comprehensive income for the year | | * | | - |
| | | 101.73 | | - |
| **Total (B)** | | 179.82 | | 109.67 |
| **Total equity accounted investments ( A+B)** | | 179.82 | | 109.67 |
| **Aggregate carrying value of unquoted investments** | | 179.82 | | 109.67 |

* below rounding off norms adopted by the Group

## 4 (b) Investments

**Non-Current Investments:**

| Particulars | As at March 31, 2022 (Rs. in crores) | As at March 31, 2021 (Rs. in crores) |
|---|---|---|
| **Investments in Equity Instruments (fully paid-up)** | | |
| Other Bodies Corporate | | |
| Unquoted - At FVTPL: | 36.95 | 13.00 |

**Current Investments:**

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Quantity | (Rs. in crores) | Quantity | (Rs. in crores) |
| **Investments in Equity Instruments (fully paid-up)** | | | | |
| Unquoted - At FVTPL: | | 13.39 | | - |
| **Investments in Mutual fund** | | | | |
| Quoted - At FVTPL: | | | | |
| Kotak Overnight Fund Growth - Direct | 1,94,100 | 22.01 | - | - |
| UTI Overnight Fund - Direct Growth Plan Growth | 51,550 | 15.00 | - | - |
| **Total** | | 50.40 | | - |

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| Particulars | As at March 31,2022 Rs. in Crores | As at March 31,2021 Rs. in Crores |
|---|---|---|
| **5 Other Financial Assets - Non - Current** | | |
| Unbilled revenue # | 75.06 | 58.18 |
| Security Deposits. | 20.51 | 12.75 |
| | **95.57** | **70.93** |

# Classified as financial asset as right to consideration is unconditional upon passage of time.

| | | |
|---|---|---|
| **6 Deferred Tax Assets (Net)** | | |
| **(a) Deferred tax assets on account of temporary differences** | | |
| - Unused tax credits / losses | 302.16 | 221.05 |
| - Property, Plant and Equipment and Intangible assets | - | 6.45 |
| - Unrealised profit margin on inventory | 7.17 | 20.65 |
| - Other temporary differences | 2.85 | 1.34 |
| | **312.18** | **249.49** |
| **(b) Deferred tax liabilities on account of temporary differences** | | |
| - Property, Plant and Equipment and Intangible assets | 4.36 | - |
| - Other temporary differences | 10.55 | 5.37 |
| | **14.91** | **5.37** |
| | **297.27** | **244.12** |

Deferred Tax Assets and Deferred Tax Liabilities of the respective entities have been offset as they relate to the same governing taxation laws.
Refer Note 49 for movements during the year.

| | | |
|---|---|---|
| **7 Other Non Current Assets** | | |
| Advance Tax [Net of Provision of Rs. 100.07 Crores at March 31, 2022, (Previous year Rs. NIL)] | 15.53 | 14.78 |
| Advances recoverable. | 49.08 | 48.58 |
| Prepayments. | 0.04 | 0.04 |
| Capital Advances | 4.04 | 17.82 |
| | **68.69** | **81.22** |
| **8 Inventories** | | |
| Raw and Packing Materials [includes in Transit of Rs. 21.15 Crores as on March 31, 2022, (Previous year Rs. 0.24 Crores)] | 598.96 | 448.73 |
| Work-in-Progress | 322.40 | 318.13 |
| Finished Goods | 97.95 | 132.54 |
| Stock-in-trade [includes in Transit of Rs. 4.43 Crores as on March 31, 2022, (Previous year Rs. 3.84 Crores)] | 246.09 | 254.38 |
| Stores and Spares | 123.40 | 78.22 |
| | **1,388.80** | **1,232.00** |

1. Refer Note 41 for the inventories hypothecated as security against borrowings.
2. The cost of inventories recognised as an expense during the year was Rs. 2,555.22 Crores (Previous year Rs. 2,158.97 crores)

3. The cost of inventories recognised as an expense includes a reversal of Rs. 0.07 Crores (Previous year: charge of Rs. 0.37 Crores) in respect of write downs of inventory to net realisable value and a charge of Rs. 47.02 crores (Previous year Rs. 35.74 Crores) in respect of provisions for slow moving/non moving/expired/near expiry products.
4. Refer Note 2(a)(ix) for policy for valuation of inventories.

| | | |
|---|---|---|
| **9 Trade Receivables** | | |
| Unsecured | | |
| (a) Considered Good | 1,790.70 | 1,579.16 |
| Less: Expected Credit Loss on (a) | (5.42) | (4.22) |
| (b) Credit Impaired | 49.10 | 43.10 |
| Less: Expected Credit Loss on (b) | (49.10) | (43.10) |
| | **1,785.28** | **1,574.94** |

The credit period on sale of goods ranges from 7 to 150 days;
The Group has a documented Credit Risk Management Policy for its Pharmaceuticals Manufacturing and Services business. For every new customer (except established large pharma companies), the group performs a credit rating check using an external credit agency. If a customer clears the credit rating check, the credit limit for that customer is derived using internally documented scoring systems. The credit limits for all the customers are reviewed on an ongoing basis.

The Group has used a practical expedient by computing the expected credit loss allowance for External Trade Receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience, adjusted for forward looking information including the likelihood of increased credit risk considering emerging situations due to COVID-19. Based on external sources of information the group has concluded that the carrying amount of the trade receivables represent the Group's best estimate of the recoverable amounts'. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as under:

| Ageing - Pharmaceuticals Manufacturing and Services business | Expected credit loss (%) - For external customers |
|---|---|
| Less than 365 days | 0.30% |
| More than 365 days | 100.00% |

Rs. in crores

| Ageing | Expected credit loss As at March 31, 2022 | Expected credit loss As at March 31, 2021 |
|---|---|---|
| Within due date | 1.90 | 4.90 |
| After Due date | 52.62 | 42.42 |

**Movement in Expected Credit Loss Allowance:**

Rs. In crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Balance at the beginning of the year | 47.32 | 35.28 |
| Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | 7.54 | 12.35 |
| Less: Bad debts written off | (0.10) | (0.15) |
| Add: Effect of translation differences | (0.24) | (0.16) |
| **Balance at the end of the year** | **54.52** | **47.32** |

Refer Note 53 for ageing of Trade Receivables
Refer Note 41 for the receivables hypothecated as security against borrowings.

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Piramal Pharma Limited
Notes to the Consolidated financial statements for the year ended March 31, 2022

| Particulars | As at March 31,2022 | As at March 31,2021 |
|---|---|---|
| **10 Cash & Cash equivalents** | | |
| Balance with Banks | | |
| Current Account | 228.01 | 384.52 |
| Cash on Hand | 0.09 | 0.13 |
| | **228.10** | **384.65** |
| **11 Other Bank balances** | | |
| Earmarked balances with banks | | |
| - Others | 91.35 | 12.23 |
| Margin Money | 5.62 | 5.62 |
| Deposit Account more than 3 months original maturity but less than 12 months | 3.92 | 3.12 |
| | **100.89** | **20.97** |
| **12 OTHER FINANCIAL ASSETS - CURRENT** | | |
| Security Deposits | 4.93 | 4.87 |
| Derivative Financial Assets | 7.48 | 17.07 |
| Other Receivable from related parties | 12.38 | 40.21 |
| Unbilled revenues # | 23.33 | 33.18 |
| Interest Accrued | 0.29 | 0.16 |
| Others* | 2.44 | 16.58 |
| | **50.85** | **112.07** |

# Classified as financial asset as right to consideration is unconditional upon passage of time.
*In previous year, it mainly included insurance claim of Rs. 6.42 Crores toward fire at ennore plant.

| | | |
|---|---|---|
| **13 OTHER CURRENT ASSETS** | | |
| Unsecured and Considered Good | | |
| Advances | 132.39 | 87.50 |
| Prepayments | 69.55 | 62.66 |
| Balance with Government Authorities | 259.44 | 169.59 |
| Claims Receivable | 1.52 | 4.33 |
| | **462.90** | **324.08** |

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| | As at March 31, 2022 Rs. in Crores | As at March 31, 2021 Rs. in Crores |
|---|---|---|
| **14 Equity Share Capital** | | |
| **Authorised Share Capital** | | |
| 1,50,00,00,000 (Previous year: 1,50,00,00,000) equity shares of Rs. 10/- each | 1,500.00 | 1,500.00 |
| 10,00,00,000 (Previous year: 10,00,00,000) compulsorily convertible preference shares of Rs. 10/- each | 100.00 | 100.00 |
| | **1,600.00** | **1,600.00** |
| **Issued, Subscribed & Paid Up Capital** | | |
| 1,18,59,13,506 (Previous year: 99,46,02,064) equity shares of face value of Rs. 10/- each fully paid. | 1,185.91 | 994.60 |
| | **1,185.91** | **994.60** |

(i) **Movement in Equity Share Capital**

| **Particulars** | As at March 31, 2022 No. of shares | As at March 31, 2022 Rs. in Crores | As at March 31, 2021 No. of shares | As at March 31, 2021 Rs. in Crores |
|---|---|---|---|---|
| At the beginning of the year | 99,46,02,064 | 994.60 | 10,000 | 0.01 |
| Add: Issued during the period | | | | |
| Rights Issue - Piramal Enterprises Limited | - | - | 78,50,00,000 | 785.00 |
| Preferential Issue - Piramal Enterprises Limited | 96,57,423 | 9.65 | 1,06,71,651 | 10.67 |
| Preferential Issue - CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) | 39,88,262 | 3.99 | 19,89,20,413 | 198.92 |
| Bonus Shares - Piramal Enterprises Limited | 14,19,10,732 | 141.91 | - | - |
| Bonus Shares - CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) | 3,57,55,025 | 35.76 | - | - |
| **At the end of the year** | **1,18,59,13,506** | **1,185.91** | **99,46,02,064** | **994.60** |

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

| **Particulars** | As at March 31, 2022 No. of shares | As at March 31, 2022 % Holding | As at March 31, 2021 No. of shares | As at March 31, 2021 % Holding |
|---|---|---|---|---|
| Piramal Enterprises Limited | 94,72,49,806 | 79.88% | 79,56,81,651 | 80.00% |
| CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) | 23,86,63,700 | 20.12% | 19,89,20,413 | 20.00% |

(iii) **Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the balance sheet date:**

| **Particulars** | **Financial Year** | **No. of shares** |
|---|---|---|
| Allotment of equity shares of face value Rs. 10 each fully paid-up in lieu of consideration payable to Piramal Enterprises Limited. | 2021-22 | 96,57,423 |
| Allotment of equity shares of face value Rs. 10 each fully paid-up in lieu of conversion of compulsory convertible preference shares to CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments). Refer note 21. | 2021-22 | 39,88,262 |
| Allotment of equity shares of face value of Rs.10 each as bonus shares to the existing shareholders in the ratio 5.674:1 | 2021-22 | 17,76,65,757 |
| Allotment of equity shares of face value Rs. 10 each fully paid-up in lieu of transfer of stake held by Piramal Enterprises Limited in Piramal Healthcare Inc. to the Company | 2020-21 | 1,06,71,651 |

(iv) **Terms and Rights attached to equity shares**

Equity Shares:
The Company has one class of equity shares having a face value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend if declared 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.

(v) **Share Warrants:**

| | **Rs. in Crores** |
|---|---|
| **Balance as at March 04, 2020** | - |
| Issued during the period (10,00,00,000 share warrants having face value Rs. 10/- each were issued to Piramal Enterprises Limited) | 0.10 |
| **Balance as at March 31, 2021** | 0.10 |
| Lapsed during the year | (0.10) |
| **Balance as at March 31, 2022** | - |

(vi) Refer note 21 for Compulsory Convertible Preference Shares

(vii) **Shareholdings of Promoter**

Shares held by promoters at the end of the year as at March 31, 2022

| **Promoter Name** | **No. of shares** | **%of total shares** | **% Change during the year** |
|---|---|---|---|
| Piramal Enterprises Limited | 94,72,49,806 | 79.88% | 0.12% |

Shares held by promoters at the end of the year as at March 31, 2021

| **Promoter Name** | **No. of shares** | **%of total shares** | **% Change during the year** |
|---|---|---|---|
| Piramal Enterprises Limited | 79,56,81,651 | 80.00% | Not Applicable |

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**Piramal Pharma Limited**
**Notes to the Consolidated financial statements for the year ended March 31, 2022**

| | As at March 31, 2022 Rs. in Crores | As at March 31, 2021 Rs. in Crores |
|---|---|---|
| **15 Other Equity** | | |
| Capital Reserve (Refer note 63(B)(i) & 63(B)(iii)) | 406.66 | 406.66 |
| Securities premium | 3,725.18 | 3,249.49 |
| (Securities Premium is on account of issue of equity shares. The reserve will utilised in accordance with the provision of the Companies Act, 2013.) | | |
| Retained Earnings | 1,158.85 | 832.56 |
| (The retained earnings are the profits that the company has earned to date ,less any dividend or distributions paid to investors) | | |
| Foreign Currency Translation Reserve | 207.91 | 115.71 |
| (Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity.) | | |
| Cash Flow Hedging Reserve | 12.09 | 5.88 |
| (The Group uses hedging instruments as part of its management of foreign currency risk associated with its Foreign Currency Non-repatriable loans and for forecasted sales. Amounts recognised in cash flow hedging reserve is reclassified to Statement of Profit and Loss when the hedged items affect the statement of Profit and Loss. To the extent these hedges are effective, the change in the fair value of hedging instrument is recognised in the Cash Flow Hedging Reserve. (Refer Note 46(d))) | | |
| | 5,510.69 | 4,610.30 |

On November 10, 2021, interim dividend of Rs. 0.42 per equity share (Face value of Rs. 10/- each) amounting to Rs. 50 Crores was paid to holders of fully paid equity shares. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT) hence DDT is not applicable.

On May 24, 2022, final dividend of Rs. 0.56 per equity share (face value of Rs. 10/- each) amounting to Rs. 67 Crores has been recommended by the Board of Directors which is subject to approval of the shareholders.

Refer Statement of Changes in Equity for movement in reserves.

| | | |
|---|---|---|
| **16 Non-Current Borrowings** | | |
| Secured - at amortized cost | | |
| (i) Term Loan From Banks & Financial Institutions | | |
| - Rupee Loans | 277.97 | 34.77 |
| - Others | 2,145.02 | 2,304.39 |
| (ii) Redeemable Non Convertible Debentures | 199.15 | - |
| | 2,622.14 | 2,339.16 |

**Terms of repayment, nature of security & rate of interest in case of Secured Loans:**
**A. Secured Term Loans from Banks, Financial Institutions & Others**

(Rs. In Crores)

| Nature of Security | Terms of repayment | Principal Outstanding as at March 31, 2022 | Principal Outstanding as at March 31, 2021 |
|---|---|---|---|
| JP Morgan Term Loan - All the assets (except carved out vaporizers financed through PNC Bank and City National Bank of Florida) of the Company are collateralized against the Term Loan from JP Morgan Chase Bank. | Repayment in 20 quarterly instalments from Sept 2019 with lump payment at end of 5 years. Option to renew another 5 years. | 769.34 | 837.07 |
| JP Morgan Term Loan - All the assets (except carved out vaporizers financed through PNC Bank and City National Bank of Florida) of the Company are collateralized against the Term Loan from JP Morgan Chase Bank. | Repayment in quarterly instalments from June 2022 with lump payment at end of 5 years. Option to renew another 5 years. | 189.49 | - |
| PNC Term Loan - vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from June 2019 | 13.90 | 19.13 |
| City National Bank Florida Term Loan - vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Aug 2019 | 10.15 | 13.68 |
| Fifth Third Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Jun 2020 | 5.43 | 6.78 |
| Fifth Third Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Sep 2020 | 7.34 | 9.00 |
| Fifth Third Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Sep 2020 | 12.41 | 15.23 |
| Fifth Third Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Nov 2020 | 25.08 | 30.45 |
| Fifth Third Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Jan 2021 | 14.70 | 17.67 |
| Fifth Third Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Feb 2021 | 11.46 | 13.72 |
| Citizens Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Feb 2021 | 5.85 | 7.00 |
| Citizens Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Apr 2021 | 8.81 | 10.45 |
| Corporate Guarantee by PEL and First ranking security over assets of Piramal Dutch Holdings NV to ensure asset coverage ratio of 1.05x | Repayable in 14 structured instalments after moratorium of 18 months from the first draw down date | 506.10 | 511.81 |
| PCCUK-Charge on brands acquired on exclusive basis | Repayable in 13 quarterly instalments of $ 5.29 Mn starting March 2022, followed by a lumpsum payment of $ 46.23 Mn in June 2025 | 831.46 | 840.80 |
| Corporate Guarantee by PEL and First ranking security over assets of PEL Pharma to ensure asset coverage ratio of 1.05x | Repayable in 14 structured instalments after moratorium of 18 months from the first draw down date | 289.20 | 292.46 |
| First pari passu on entire property, plant and equipment of borrower, present and future. First charge on CA of borrower, present and future | Repayable in 20 Quaterly instalments from Feb 2019 | 35.00 | 54.45 |
| First pari passu on entire property, plant and equipment of borrower, present and future. Secon First peri passu charge on CA of borrower, present and future | Repayable in 30 Quaterly instalments from Dec 2022 | 17.57 | - |
| First ranking pari passu charge on identified Tangible Assets and an exclusive charge over identified Intangible Assets. | Repayable on May 31, 2023 | 500.00 | - |

The Group has utilised the borrowings (including current borrowings) for the purpose for which they were taken.

The coupon rate for the above loans are in the range of 2.79% [LIBOR+2.60%] to 7.70 % per annum (Previous year: 2.79% [LIBOR+2.60%] to 7.65 % per annum).
There are no material discrepancies between amount of current assets submitted to banks and financial institutions in quarterly returns and amount as per books of accounts.
Refer Note 41 for assets hypothecated/mortgaged as securities against the Secured Borrowings

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**B. Redeemable Non Convertible Debenture** (Rs. In Crores)

| Nature of Security | Terms of repayment | Principal Outstanding as at March 31, 2022 | Principal Outstanding as at March 31, 2021 |
|---|---|---|---|
| First pari- pasu charge over pool of selected tangible and intangible assets. | The amount of Rs. 200 Crores is redeemable at par in equal annual repayment at the end of 3rd, 4th and 5th year from the date of drawdown with a put and call option at the end of 3 years and 4 years. | 200.00 | - |

The rate for the above debentures is 7.50% per annum. (Previous year: NIL)
Refer Note 41 for assets hypothecated/mortgaged as securities against the Secured Borrowings.

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in a Party (Ultimate Beneficiaries) identified by or on behalf of the Group. Further, there are no funds received from any Party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities ("Ultimate Beneficiaries") identified by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

| | As at March 31, 2022 Rs. in Crores | As at March 31, 2021 Rs. in Crores |
|---|---|---|
| **17 Other Financial Liabilities** | | |
| Contingent consideration at FVTPL (Refer Note 63(A)) | 0.40 | 0.00 |
| | **0.40** | **0.00** |
| **18 NON-CURRENT PROVISIONS** | | |
| Provision for employee benefits (Refer note 39) | 12.51 | 6.70 |
| Provision for Onerous contracts* | 0.08 | 0.08 |
| | **12.59** | **6.78** |
| *Refer Note 47 for movement during the period | | |
| **19 Deferred tax liabilities (Net)** | | |
| **(a) Deferred Tax Assets on account of temporary differences** | | |
| - Unused tax credits / losses | 17.40 | 18.83 |
| - Expenses that are allowed on payment basis | 74.63 | 15.05 |
| - Remeasurement of defined benefit obligation | 0.72 | 0.82 |
| - Recognition of lease rent expense | 0.22 | 0.07 |
| - Expected Credit Loss on Trade Receivables | 0.99 | 0.24 |
| - Other temporary differences | 0.05 | 0.05 |
| | **94.01** | **35.06** |
| **(b) Deferred Tax Liabilities on account of temporary differences** | | |
| - Property, Plant and Equipment and Intangible assets | 281.45 | 252.96 |
| - Fair value measurement of derivative contracts | 1.76 | 4.30 |
| -Measurement of financial liabilities at amortised cost | 0.07 | 0.14 |
| - Other temporary differences | 2.74 | 0.15 |
| | **286.02** | **257.55** |
| **Deferred Tax Liabilities (Net)** | **192.01** | **222.49** |
| Refer Note 49 for movements during the year. | | |
| **20 Other Non-Current Liabilities** | | |
| Deferred Government grant related to assets | 3.29 | 1.95 |
| Other grants related to assets | 107.73 | 107.17 |
| Deferred Revenue | 42.74 | 33.54 |
| | **153.76** | **142.66** |
| **21 Current Borrowings** | | |
| **Secured - at amortised cost** | | |
| Loans from banks | | |
| - Working Capital Demand Loan | 307.44 | 84.87 |
| - Overdraft with banks (including PCRE & PCFC) | 309.51 | 173.88 |
| **Unsecured - at amortised cost** | | |
| Loans from banks | | |
| - Repayable on demand | 15.16 | 14.70 |
| Compulsory Convertible Preference Shares (CCPS) at Rs. 10 each* | - | 75.00 |
| Loans from Related Parties | 3.04 | 3.08 |
| Overdraft with banks | 23.61 | 8.99 |
| Current maturities of long-term debt | 742.38 | 210.51 |
| | **1,401.14** | **571.03** |

| Description of loan | Terms of repayment | Rate of Interest |
|---|---|---|
| **Secured Loans:** | | |
| Working capital Demand Loan | At Call | 2.15% to 6.75% per annum |
| Overdraft with banks | At Call | 2.1% per annum |
| Others (PCRE) | At Call | 4.50% to 5.01% per annum |
| **Unsecured Loans:** | | |
| Loans from Banks (Repayable on demand) | At Call | 1.64% to 4.25% per annum |

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**A. Working capital Demand Loan and Overdraft** (Rs. In crores)

| Nature of Security | Terms of repayment | Principal Outstanding as at March 31, 2022 | Principal Outstanding as at March 31, 2021 |
|---|---|---|---|
| JP Morgan Revolver Facility - All the assets (except carved out vaporizers financed through PNC Bank, City National Bank, Fifth Third Bank and Citizen Bank of Florida) of the Company are collateralized against the WCDL from JP Morgan Chase Bank. | As we determine. 5 year term with renewable 5 year option | 0.75 | 51.27 |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on September 9, 2022 | 30.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on September 2, 2022 | 30.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on August 5, 2022 | 35.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on August 1, 2022 | 20.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on July 27, 2022 | 25.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on June 8, 2022 | 30.00 | - |
| First pari-passu charge over entire current assets of the company , both present and future | Repayable on June 6, 2022 | 30.00 | - |
| Exclusive charge on current assets | Final Maturity date of each tranche drawn down under the facility shall not extend 3 months from the date of first disbursement. Facility shall be subject to review after 3 months from the date of first disbursement. | 42.12 | - |
| First charge on current assets (receivables and/or Inventory) | Payable after 364 days from the date of facility availed | 7.43 | - |
| Secured by trade receivables and and Inventory for North American sites | At Call | 39.79 | - |
| Secured by first priority perfected security interest in and lien on trade receivables and and Inventory for North American sites | At Call | 24.63 | - |
| Secured by first pari-passu charge over entire current assets of the Company, both present and future | Repayable on May 24, 2021 | - | 30.00 |
| First charge (Hypothecation) on Current assets and Second charge (hypothecation) on movable fixed assets. Also, Corporate guarantee given by Piramal Enterprises Limited and Navin Fluorine International Limited in the share of 51:49, respectively. | On the due date of receipt against export bill discounted, ie. 14-05-21 | - | 2.92 |

**B. Packing Credit loan** (Rs. In crores)

| Nature of Security | Terms of repayment | Principal Outstanding as at March 31, 2022 | Principal Outstanding as at March 31, 2021 |
|---|---|---|---|
| These are secured by first pari-passu charge over the company's Stocks & Receivables | Repayable on September 18, 2022 | 50.00 | |
| These are secured by first pari-passu charge over the company's Stocks & Receivables | Repayable on September 12, 2022 | 50.00 | - |
| These are secured by first pari-passu charge over entire current assets of the company , both present and future | Repayable on June 24, 2022 | 40.00 | |
| These are secured by first pari-passu charge over entire current assets of the company , both present and future | Repayable on June 10, 2022 | 50.00 | |
| secured by first pari-passu charge over entire current assets of the Company, both present and future | Repayable on May 4, 2021 | - | 60.02 |

Refer Note 41 for assets hypothecated/mortgaged as securities against the Secured Borrowings
*CCPS - These instruments were to be mandatorily converted into Equity Shares on October 6, 2021. Conversion price for CCPS was to be determined in accordance with the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended from time to time.
Dividend @ 0.00001% was payable to the investor at the end of the 15 month period from the date of issuance i.e. October 6, 2020.
Investor shall not have voting rights in respect of CCPS until the CCPS are fully converted.

Conversion of CCPS to Equity (Allotted to CA Alchemy Investments) : 7,50,00,000 CCPS were converted into equity shares on 1st October 2021. Pursuant to conversion of the CCPS, 39,88,262 equity shares of face value of Rs. 10 each were allotted to CA Alchemy.

| | | |
|---|---|---|
| **22 Other Financial Liabilities** | | |
| Payable to related parties | 0.01 | 0.22 |
| Employee related liabilities. | 142.79 | 125.55 |
| Contingent consideration at FVTPL (Refer Note 63(A)(i)) | 89.51 | - |
| Capital Creditors | 2.96 | 2.25 |
| Retention money | 0.35 | 0.25 |
| Security Deposits Received | 2.65 | 2.60 |
| Other payables (Refer Note 40) | 20.76 | 592.00 |
| | **259.03** | **722.87** |
| **23 Other Current Liabilities** | | |
| Advance From Customers | 106.34 | 71.78 |
| Deferred Revenue | 45.02 | 47.46 |
| Deferred Government grant related to assets | 0.25 | 0.25 |
| Statutory Dues | 37.47 | 36.94 |
| Other grants related to assets | 33.83 | 29.32 |
| | **222.91** | **185.75** |
| **24 CURRENT PROVISIONS** | | |
| Provision for employee benefits (Refer Note 39) | 33.81 | 31.78 |
| | **33.81** | **31.78** |
| **25 Current Tax Liabilities (Net)** | | |
| Provision for Income Tax (Net of advance Tax of Rs. 84.67 crore (Previous year - Rs.100.41 Crores) | 71.66 | 39.42 |
| | **71.66** | **39.42** |

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| | As at March 31, 2022 (Rs. in Crores) | As at March 31, 2021 (Rs. in Crores) |
|---|---|---|
| **26. Contingent liabilities and Commitments** | | |
| **A Contingent liabilities:** | | |
| **1 Claims against the Group not acknowledged as debts:** | | |
| Indemnity given to Navin Fluorine International Limited in relation to service tax matter where company is in appeal | 1.79 | 1.79 |
| Others | 13.38 | 3.00 |
| **2 Others:** | | |
| i. Appeals filed in respect of disputed demands: | | |
| Income Tax | | |
| - where the Group is in appeal | 0.42 | - |
| Sales Tax | 1.06 | 1.06 |
| Central / State Excise / Service Tax / Customs | 23.76 | 13.38 |
| Labour Matters | 2.17 | 1.10 |
| Stamp Duty | - | 9.37 |
| ii. Unexpired Letters of Credit | 2.36 | 0.28 |
| **B Commitments:** | | |
| a. Estimated amount of contracts remaining to be executed on capital account and not provided for | 292.15 | 160.61 |
| b. The Company has imported raw materials at concessional rates, under the Advance License Scheme of the Government of India, to fulfil conditions related to quantified exports in stipulated period | 28.37 | 12.96 |

| Particulars | For the year ended March 31, 2022 Rs. in Crores | For the period 04/03/2020-31/03/2021 Rs. in Crores |
|---|---|---|
| **27. Revenue From Operations** | | |
| **A. Revenue from contract with customers** | | |
| Sale of products | 5,576.88 | 5,369.66 |
| Sale of Services | 853.89 | 900.62 |
| Other operating revenues: | | |
| Miscellaneous income (includes scrap sales, distribution fees, etc.)* | 128.33 | 44.62 |
| **Total** | **6,559.10** | **6,314.90** |

*Previous year includes insurance claim of Rs. 5.39 Crores in respect of ennore fire.

**Disaggregate revenue information**
The table below presents disaggregated revenues from contracts with customers by major product and timing of transfer of goods or services . The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cashflows are affected by industry, market and other economic factors.

For the year ended March 31, 2022

| | Rs. in Crores | |
|---|---|---|
| | For the year ended March 31, 2022 | |
| **Revenue by product line/ timing of transfer of goods/ services** | **At point in time** | **Over time** |
| Global Pharma | 5,118.72 | 570.10 |
| Over the counter products | 741.95 | - |
| **Total** | **5,860.67** | **570.10** |

For the year ended March 31, 2021

| | Rs. in Crores | |
|---|---|---|
| | For the period from March 04, 2020 to March 31, 2021 | |
| **Revenue by product line/ timing of transfer of goods/ services** | **At point in time** | **Over time** |
| Global Pharma | 5,086.52 | 656.56 |
| Over the counter products | 527.20 | - |
| **Total** | **5,613.72** | **656.56** |

**Reconciliation of revenue recognised with contract price:**

(Rs. in Crores)

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Sale of products and services at transaction price | 7,177.49 | 6,958.64 |
| Less: Discounts | (746.72) | (688.36) |
| **Revenue recognised on sale of products and services** | **6,430.77** | **6,270.28** |

| | | |
|---|---|---|
| **28. Other Income (NET)** | | |
| Interest Revenue on Financial Assets | | |
| - Loans and Bank Deposits at amortised costs | 0.68 | 4.02 |
| Other Gains & Losses: | | |
| - Gain on acquistion of subsidiary | - | 26.31 |
| - Gain on Sale of Property, Plant and Equipment | 0.00 | 1.14 |
| - Exchange Gain (Net) | 16.86 | 61.27 |
| - Income on instruments mandatorily measured at FVTPL | 21.18 | - |
| Rent Received | 3.48 | 2.19 |
| Miscellaneous Revenue | 171.52 | 62.44 |
| Write back of liabilities no longer payable | 60.13 | 6.74 |
| Profit on sale of Investment | 1.95 | - |
| **Total** | **275.80** | **164.11** |
| **29. Cost of materials consumed** | | |
| **Raw and Packing Materials** | | |
| Inventory acquired on business combination (Refer note 63(B)(iii)) | - | 171.75 |
| Opening Inventory | 448.73 | 178.11 |
| Add: Purchases | 1,717.19 | 1,616.95 |
| Less: Closing Inventory | 598.96 | 448.73 |
| **Total** | **1,566.96** | **1,518.08** |
| **30.Purchases of Stock-in-Trade** | | |
| Traded Goods | 829.07 | 593.77 |
| **Total** | **829.07** | **593.77** |
| **31. Changes in inventories of finished goods, work-in-progress and stock-in-trade** | | |
| **Opening Inventory:** | | |
| Stock acquired in business acquistion during the year (Refer note 63(A)(i)) | 16.60 | - |
| Work-in-Progress | 318.13 | 394.84 |
| Finished Goods | 132.54 | 112.31 |
| Stock-in-trade | 254.38 | 145.16 |
| | 721.65 | 652.31 |
| **Less: Closing Inventory :** | | - |
| Work-in-Progress | 322.40 | 318.13 |
| Finished Goods | 97.95 | 132.54 |
| Stock-in-trade | 246.09 | 254.38 |
| | 666.44 | 705.05 |
| **Total** | **55.21** | **(52.74)** |
| **32. Employee benefits expense** | | |
| Salaries and Wages (In previous year corporate Expense allocation of Rs. 25.92 crores pertaining to pharma business was transferred to the Company ) | 1,367.67 | 1,241.23 |
| Contribution to Provident and Other Funds (Refer Note 39) | 101.98 | 98.42 |
| Gratuity Expense (Refer Note 39) | 3.81 | 5.12 |
| Staff Welfare | 115.37 | 122.97 |
| **Total** | **1,588.83** | **1,467.74** |

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**PIRAMAL PHARMA LIMITED**
**Notes to the Consolidated financial statements for the year ended March 31, 2022**

| Particulars | For the year ended March 31, 2022 Rs. in Crores | For the period 04/03/2020-31/03/2021 Rs. in Crores |
|---|---|---|
| **33.Finance costs** | | |
| Finance Charge on financial liabilities measured at amortised cost | 188.78 | 158.02 |
| Other borrowing costs | 9.47 | 5.43 |
| **Total** | **198.25** | **163.45** |
| **34.Other expenses** | | |
| Processing Charges | 11.85 | 11.46 |
| Consumption of Stores and Spares Parts | 103.98 | 99.86 |
| Consumption of Laboratory materials | 78.52 | 99.56 |
| Power, Fuel and Water Charges | 163.56 | 136.70 |
| Repairs and Maintenance | | |
| Buildings | 54.39 | 38.38 |
| Plant and Machinery | 140.24 | 124.49 |
| Others | 25.14 | 24.37 |
| Rent | | |
| Premises | 2.91 | 7.86 |
| Other Assets | 25.34 | 20.76 |
| Rates & Taxes includes excise duty | 73.44 | 45.69 |
| Insurance | 42.56 | 36.57 |
| Travelling Expenses | 34.76 | 22.05 |
| Directors' Commission | 0.72 | 0.45 |
| Directors' Sitting Fees | 0.32 | 0.03 |
| Trade Receivables written off | 1.05 | 0.15 |
| Expected Credit Loss on Trade Receivables Refer Note 9 | 7.54 | 12.35 |
| Property, Plant & Equipments Written Off | - | 3.43 |
| Loss due to fire | 0.54 | 5.74 |
| Advertisement and Business Promotion Expenses | 151.33 | 102.73 |
| Donations | 9.61 | 1.52 |
| Freight | 133.11 | 110.46 |
| Export expenses | 1.18 | 2.25 |
| Clearing and Forwarding Expenses | 32.19 | 34.72 |
| Communication and Postage | 12.30 | 14.89 |
| Printing and Stationery | 9.04 | 7.82 |
| Claims | (0.00) | 4.61 |
| Legal Charges | 13.92 | 10.71 |
| Professional Charges | 122.43 | 111.50 |
| Royalty Expense | 46.57 | 46.89 |
| Service Charges (In previous year corporate Expense allocation of Rs. 27.42 crores pertaining to pharma business was transferred to the Company ) | 53.06 | 55.34 |
| Information Technology Costs | 36.19 | 16.72 |
| R & D Expenses Net | 128.34 | 99.08 |
| Miscellaneous Expenses | 53.24 | 40.95 |
| **Total** | **1,569.37** | **1,360.09** |
| **35. Exceptional Items** | | |
| a.Mark to market gains on forward contracts taken against the inflow from equity investment from Carlyle | - | 100.80 |
| b.Write off of certain property plant and equipment and intangible assets under development pertaining to Mumbai R & D center | - | (37.42) |
| c. Certain transaction cost related to note 63(A) | (15.08) | (45.15) |
| **TOTAL** | **(15.08)** | **18.23** |
| **36. Other Comprehensive Income / (Loss) (Net Of Taxes)** | | |
| Other Comprehensive Income / (Loss) related to: | | |
| Remeasurement of post-employment benefit obligations (Refer Note 39) | 0.33 | (2.47) |
| Deferred gains / (losses) on cash flow hedges | 6.21 | 5.88 |
| Gain on bargain purchase | - | 7.43 |
| Exchange differences on translation of foreign operations | 92.20 | 115.71 |
| **TOTAL** | **98.74** | **126.55** |

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## 37 Interests in other entities

### (a) Subsidiaries

The Group's subsidiaries at March 31, 2022 are set out below.
Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.
The country of incorporation or registration is also their principal place of business.

| Sr. No. | Name of the Company | Principal place of business / Country of incorporation | Ownership interest held by the group | Ownership interest held by non-controlling interests | Principal Activity |
|---|---|---|---|---|---|
| | | | % voting power held as at March 31, 2022 | % voting power held as at March 31, 2022 | |
| 1 | Piramal Critical Care Italia, S.P.A | Italy | 100% | - | Pharmaceutical manufacturing and services |
| 2 | Piramal Critical Care Deutschland GmbH | Germany | 100% | - | Pharmaceutical manufacturing and services |
| 3 | Piramal Critical Care Limited | U.K. | 100% | - | Pharmaceutical manufacturing and services |
| 4 | Piramal Healthcare (Canada) Limited | Canada | 100% | - | Pharmaceutical manufacturing and services |
| 5 | Piramal Critical Care B.V. | Netherlands | 100% | - | Pharmaceutical manufacturing and services |
| 6 | Piramal Pharma Solutions B.V. | Netherlands | 100% | - | Pharmaceutical manufacturing and services |
| 7 | Piramal Critical Care Pty. Ltd. | Australia | 100% | - | Pharmaceutical manufacturing and services |
| 8 | Piramal Healthcare UK Limited | U.K. | 100% | - | Pharmaceutical manufacturing and services |
| 9 | Piramal Healthcare Pension Trustees Limited | U.K. | 100% | - | Pharmaceutical manufacturing and services |
| 10 | Piramal Critical Care South Africa (Pty) Ltd | South Africa | 100% | - | Pharmaceutical manufacturing and services |
| 11 | Piramal Dutch Holdings N.V. | Netherlands | 100% | - | Holding Company |
| 12 | Piramal Healthcare Inc. | U.S.A | 100% | - | Holding Company |
| 13 | Piramal Critical Care, Inc. | U.S.A | 100% | - | Pharmaceutical manufacturing and services |
| 14 | Piramal Pharma Inc. | U.S.A | 100% | - | Pharmaceutical manufacturing and services |
| 15 | Piramal Pharma Solutions Inc. | U.S.A | 100% | - | Pharmaceutical manufacturing and services |
| 16 | PEL Pharma Inc. | U.S.A | 100% | - | Holding Company |
| 17 | Ash Stevens LLC | U.S.A | 100% | - | Pharmaceutical manufacturing and services |
| 18 | PEL Healthcare LLC | U.S.A | 100% | - | Pharmaceutical manufacturing and services |
| 19 | Convergence Chemicals Private Limited | India | 100% | - | Pharmaceutical manufacturing and services |
| 20 | Hemmo Pharmaceuticals Private Limited (w.e.f June 22, 2021) | India | 100% | - | Pharmaceutical manufacturing and services |
| 21 | Piramal Pharma Japan GK (w.e.f November 21, 2021) | Japan | 100% | - | Pharmaceutical manufacturing and services |

The Group's subsidiaries at March 31, 2021 are set out below.
Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.
The country of incorporation or registration is also their principal place of business.

| Sr. No. | Name of the Company | Principal place of business / Country of incorporation | Ownership interest held by the group | Ownership interest held by non-controlling interests | Principal Activity |
|---|---|---|---|---|---|
| | | | % voting power held as at March 31, 2021 | % voting power held as at March 31, 2021 | |
| 1 | Piramal Critical Care Italia, S.P.A | Italy | 100% | - | Pharmaceutical manufacturing and services |
| 2 | Piramal Critical Care Deutschland GmbH | Germany | 100% | - | Pharmaceutical manufacturing and services |
| 3 | Piramal Critical Care Limited | U.K. | 100% | - | Pharmaceutical manufacturing and services |
| 4 | Piramal Healthcare (Canada) Limited | Canada | 100% | - | Pharmaceutical manufacturing and services |
| 5 | Piramal Critical Care B.V. | Netherlands | 100% | - | Pharmaceutical manufacturing and services |
| 6 | Piramal Pharma Solutions B.V. | Netherlands | 100% | - | Pharmaceutical manufacturing and services |
| 7 | Piramal Critical Care Pty. Ltd. | Australia | 100% | - | Pharmaceutical manufacturing and services |
| 8 | Piramal Healthcare UK Limited | U.K. | 100% | - | Pharmaceutical manufacturing and services |
| 9 | Piramal Healthcare Pension Trustees Limited | U.K. | 100% | - | Pharmaceutical manufacturing and services |
| 10 | Piramal Critical Care South Africa (Pty) Ltd | South Africa | 100% | - | Pharmaceutical manufacturing and services |
| 11 | Piramal Dutch Holdings N.V. | Netherlands | 100% | - | Holding Company |
| 12 | Piramal Healthcare Inc. | U.S.A | 100% | - | Holding Company |
| 13 | Piramal Critical Care, Inc. | U.S.A | 100% | - | Pharmaceutical manufacturing and services |
| 14 | Piramal Pharma Inc. | U.S.A | 100% | - | Pharmaceutical manufacturing and services |
| 15 | Piramal Pharma Solutions Inc. | U.S.A | 100% | - | Pharmaceutical manufacturing and services |
| 16 | PEL Pharma Inc. | U.S.A | 100% | - | Holding Company |
| 17 | Ash Stevens LLC | U.S.A | 100% | - | Pharmaceutical manufacturing and services |
| 18 | PEL Healthcare LLC (w.e.f June 26, 2020) | U.S.A | 100% | - | Pharmaceutical manufacturing and services |
| 19 | Convergence Chemicals Private Limited (w.e.f February 25, 2021) | India | 100% | - | Pharmaceutical manufacturing and services |

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**(b) Interest in Joint Ventures**

| Sr. No. | Name of the Company | Principal place of business | Carrying Amount as at (Rs. in Crores) March 31, 2022 | % of ownership interest | Carrying Amount as at (Rs. in Crores) March 31, 2021 | % of ownership interest |
|---|---|---|---|---|---|---|
| 1 | Convergence Chemicals Private Limited (Convergence) (till February 24, 2021) | India | - | - | - | - |

The above investments in joint ventures were accounted for using Equity Method. This was unlisted investments and hence quoted prices are not available.

***Significant judgement: classification of joint venture***

**Convergence Chemicals Private Limited**
Significant judgement : classification of joint venture
Convergence Chemicals Private Limited was a joint venture set up to develop, manufacture and sell speciality fluorochemicals.

The Group owned 51% equity shares of Convergence Chemicals Private Limited till February 24, 2021. The contractual arrangement stated that PPL and the other shareholder shall nominate two directors each to the board and for any meeting of the board the quorum shall be two directors provided that one director from each party is present. This gave both the parties a joint control over Convergence Chemicals Private Limited. Convergence Chemicals Private Limited is a Private Limited Company whose legal form confers separation between the parties to the joint arrangement and the Company itself. Accordingly, the legal form of Convergence Chemicals Private Limited and the terms of the contractual arrangement indicated that the arrangement was a Joint Venture.

Effective February 25, 2021, the Group, had acquired the remaining 49% stake held by Navin Flourine International Ltd. in Convergence Chemicals Pvt. Ltd. for a cash consideration of Rs 65.10 Crore. Post this acquisition, CCPL is now a wholly owned subsidiary of the Company.

**(c) Interest in Associates**

| Sr. No. | Name of the Company | Principal place of business | Carrying Amount as at (Rs. In Crores) March 31, 2022 | % of ownership interest | Carrying Amount as at (Rs. In Crores) March 31, 2021 | % of ownership interest |
|---|---|---|---|---|---|---|
| 1 | Allergan India Private Limited (Allergan) | India | 78.09 | 49.00% | 109.67 | 49.00% |
| 2 | Yapan Bio Private Limited (Yapan) (w.e.f. December 20, 2021) | India | 101.73 | 27.78% | - | - |

These above investments are accounted for using Equity Method. These are unlisted investments and hence quoted prices are not available.

Allergan India Private Limited is mainly engaged in trading of opthalmic products.
Yapan Bio Private Limited is mainly engaged in contract process development and manufacting of vaccines and biologics/bio-therapeutics for human clinical trials.

**i) Allergan India Private Limited**
***Significant judgement: classification of associate***
The Group owns 49% equity shares of Allergan India Private Limited. As per the terms of the contractual agreement with Allergan Pharmaceuticals (Ireland) Limited, the company by virtue of its shareholding neither has the power to direct the relevant activities of the company, nor has the right to appoint majority of the Directors. The company only has a right to participate in the policy making processes. Accordingly Allergan India Private Limited has been considered as an Associate.

***Significant financial information for associate***

**Summarised Balance sheet as at:**

(Rs. in Crores)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Current assets | 214.35 | 255.70 |
| Non-current assets | 37.63 | 46.86 |
| Current liabilities | (86.55) | (66.48) |
| Non-current liabilities | (12.22) | (13.40) |
| **Net Assets** | **153.21** | **222.68** |

**Summarised statement of profit and loss for the year ended:**

(Rs. in Crores)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Revenue | 414.26 | 365.35 |
| Profit for the year | 124.62 | 121.23 |
| Other comprehensive income/ (expense) | - | - |
| Total comprehensive income | 124.62 | 121.23 |
| Dividends received | 90.65 | 124.54 |

***Reconciliation to carrying amounts as at:*** (Rs. in Crores)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Net assets | 153.21 | 222.68 |
| Group's share in % | 49% | 49% |
| Proportion of the Group's ownership interest | 75.07 | 109.11 |
| Others | 3.02 | 0.56 |
| **Carrying amount** | **78.09** | **109.67** |

***Contingent liabilities as at:*** (Rs. in Crores)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Share of associate's contingent liabilities | | |
| - Claims against the company not acknowledged as debt | 7.12 | 8.84 |
| - Disputed demands for income tax | 1.75 | 1.75 |
| **Total contingent liabilities** | **8.87** | **10.59** |

**ii) Yapan Bio Private Limited (YBPL)**

***Significant judgement: classification of associate***

The Group owns 27.78% equity shares of Yapan Bio Private Limited. As per the terms of the contractual agreement with promotors of YBPL, the Group by virtue of its shareholding neither has the power to direct the relevant activities of the company, nor has the right to appoint majority of the Directors. The Group only has a right to participate in the policy making processes. Accordingly Yapan Bio Private Limited has been considered as an Associate.

***Significant financial information for associate***

**Summarised Balance sheet as at:**

(Rs. in Crores)

| Particulars | March 31, 2022 |
|---|---|
| Current assets | 72.96 |
| Non-current assets | 16.06 |
| Current liabilities | (12.35) |
| Non-current liabilities | (1.38) |
| **Net Assets** | **75.29** |

**Summarised statement of profit and loss for the year ended:**

(Rs. in Crores)

| Particulars | March 31, 2022 |
|---|---|
| Revenue* | 5.80 |
| Profit for the year* | 0.16 |

*Above information has been disclosed only from the date of investment till March 31, 2022

***Reconciliation to carrying amounts as at:*** (Rs. in Crores)

| Particulars | March 31, 2022 |
|---|---|
| Net assets | 75.29 |
| Group's share in % | 27.78% |
| Proportion of the Group's ownership interest | 20.92 |
| Goodwill on acquistion | 80.81 |
| **Carrying amount** | **101.73** |

***Contingent Liability***

There are no Contingent liabilities as at March 31, 2022 in Yapan Bio Private Limited.

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## 38 Goodwill

Movement in Goodwill on Consolidation during the year:

(Rs. in Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Opening balance | 856.47 | 835.21 |
| Add: Addition due to acquisition during the year (Refer note 63) | 145.06 | 8.08 |
| Add: Currency translation differences | 28.97 | 13.18 |
| **Closing balance** | **1,030.50** | **856.47** |

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or group of CGUs, which are benefited from the synergies of the acquisition. Goodwill is reviewed for any impairment at the operating segment, which is represented through group of CGUs.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value - in - use.

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication for impairment. The financial projections basis which the future cash flows have been estimated consider (a) the increase in economic uncertainties due to COVID-19, (b) reassessment of the discount rates, (c) revisiting the growth rates factored while arriving at terminal value and subjecting these variables to sensitivity analysis. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit.

The recoverable amount was computed using the discounted cash flow method for which the estimated cash flows for a period of 5 years in the Pharmaceuticals segment were developed using internal forecasts, and a pre-tax discount rate of 10.77% to 13.80% (March 31, 2021: 10.88% to 13.50%) respectively. The cash flows beyond 5 years have been extrapolated assuming growth rates ranging from 2.87% to 5% (March 31, 2021: growth rate 5%), depending on the cash generating unit and the country of operations.

The management believes that any possible changes in the key assumptions would not cause the carrying amount to exceed the recoverable amount of cash generating unit.

Based on the above, no impairment was identified as of March 31, 2022 and March 31, 2021 as the recoverable value of the segments exceeded the carrying values.

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**39 Employee Benefits :**

Brief description of the Plans:
Other Long Term Employee Benefit Obligations
Leave Encashment, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Consolidated Statement of Profit and Loss in the year in which they arise.

Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

Defined Contribution plans
The Group's defined contribution plans are Provident Fund (in case of certain employees), Superannuation, Overseas Social Security Plans, Employees State Insurance Fund and Employees' Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) and 401(k) plan contribution(in case of US subsidiaries). The Group has no further obligation beyond making contributions to such plans.

Post-employment benefit plans:
Gratuity for employees in India is paid as per 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 the number of years of service. The Group has both funded and non funded plans and makes contributions to recognised funds in India in case of funded plans.

The Group's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Group funds the plan on a periodical basis.

In case of certain employees, the Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety, etc., within the overall ambit of the Provident Fund Trust Rules and investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

In case of a foreign subsidiary, the subsidiary sponsors a defined benefit retirement plan. The benefits are based on employees' years of experience and final remuneration. The plan was funded through a separate trustee-administered fund.The pension cost for the main defined plans is established in accordance with the advice of independent qualified actuary. There are no active members in the fund.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk**
The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, equity, mutual funds and other debt instruments.

**Interest risk**
A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Longevity risk**
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk**
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The Group has both funded and non funded plans and makes contributions to recognised funds in India in case of funded plans. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Group. The contributions made to the trust are recognised as plan assets. Plan assets in the Provident fund trust are governed by local regulations, including limits on contributions in each class of investments.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations, with the objective that assets of the gratuity / provident fund obligations match the benefit payments as they fall due. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets consists of government and corporate bonds, although the Group also invests in equities, cash and mutual funds. The plan asset mix is in compliance with the requirements of the regulations in case of Provident fund.

In case of an overseas subsidiary, the pension plans were funded through a separate trustee - administered fund. The subsidiary employs a building block approach in determining the long term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

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I. Charge to the Consolidated Statement of Profit and Loss based on Defined Contribution Plans:

(Rs. in Crores)

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Employer's contribution to Regional Provident Fund Office | 5.99 | 4.39 |
| Employer's contribution to Superannuation Fund | 0.20 | 0.08 |
| Employer's contribution to Employees' State Insurance | 0.53 | 0.21 |
| Employer's contribution to Employees' Pension Scheme 1995 | 5.21 | 2.24 |
| Contribution to Pension Fund | 48.33 | 49.89 |
| 401 (k) Plan contribution | 31.00 | 29.47 |
| **TOTAL** | **91.26** | **86.28** |

Included in Contribution to Provident and Other Funds and R&D Expenses disclosed under Other Expenses (Refer Note 32 and 34)

II. Disclosures for defined benefit plans based on actuarial valuation reports as on March 31, 2022 and March 31, 2021

### A. Change in Defined Benefit Obligation

(Rs. in Crores)

| Particulars | (Funded) | | | | | |
|---|---|---|---|---|---|---|
| | Gratuity | | Pension | | Provident Fund | |
| | Year Ended March 31, | | Year Ended March 31, | | Year Ended March 31, | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Present Value of Defined Benefit Obligation as at beginning of the period | 51.37 | - | 704.10 | - | 12.99 | - |
| Acquired through business combination | 2.04 | 0.05 | | 592.66 | | - |
| Interest Cost | 3.46 | 1.41 | 9.56 | 12.54 | 5.23 | 0.23 |
| Current Service Cost | 4.43 | 1.06 | | - | 10.15 | 4.72 |
| Contributions from plan participants | | - | | - | 16.81 | 8.14 |
| Liability Transferred In for employees joined | | 46.63 | | - | 118.82 | - |
| Benefits Paid | (5.64) | - | (30.44) | (30.20) | (0.88) | - |
| Return on Plan Assets, Excluding Interest Income | | | | | 6.89 | |
| Actuarial (Gains)/loss - due to change in Demographic Assumptions | | (0.39) | | - | | - |
| Actuarial (Gains)/loss - due to change in Financial Assumptions | (1.24) | 0.22 | (60.44) | 82.44 | | - |
| Actuarial (Gains)/loss - due to experience adjustments | 0.49 | 2.39 | | - | | (0.10) |
| Exchange Differences on Foreign Plans | | - | (8.60) | 46.66 | | - |
| **Present Value of Defined Benefit Obligation as at the end of the year** | **54.91** | **51.37** | **614.18** | **704.10** | **170.01** | **12.99** |

### B. Changes in the Fair Value of Plan Assets

(Rs. in Crores)

| Particulars | (Funded) | | | | | |
|---|---|---|---|---|---|---|
| | Gratuity | | Pension | | Provident Fund | |
| | Year Ended March 31, | | Year Ended March 31, | | Year Ended March 31, | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Fair Value of Plan Assets as at beginning of the period | 47.51 | - | 877.25 | - | 12.99 | - |
| Interest Income | 3.08 | 1.41 | 11.92 | 15.73 | 5.23 | 0.23 |
| Acquistion through business combination | 0.66 | 0.53 | - | 743.06 | - | - |
| Contributions from employer | 0.15 | - | - | - | 26.96 | 12.86 |
| Assets Transferred In for employees joined | - | 46.63 | - | - | 118.82 | - |
| Benefits Paid from the fund | (5.64) | - | (30.44) | (30.20) | (0.88) | - |
| Return on Plan Assets, Excluding Interest Income | (0.32) | (1.06) | 46.85 | 95.52 | 6.89 | (0.10) |
| Administration cost | - | - | (4.66) | (5.36) | - | - |
| Exchange Differences on Foreign Plans | - | - | (10.71) | 58.50 | - | - |
| **Fair Value of Plan Asset as at the end of the year** | **45.44** | **47.51** | **890.21** | **877.25** | **170.01** | **12.99** |

### C. Amount recognised in the Balance Sheet

(Rs. in Crores)

| Particulars | (Funded) | | | | | |
|---|---|---|---|---|---|---|
| | Gratuity | | Pension | | Provident Fund | |
| | As at March 31, | | As at March 31, | | As at March 31, | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Present Value of Defined Benefit Obligation as at the end of the year | 54.91 | 51.37 | 614.18 | 704.10 | 170.01 | 12.99 |
| Fair Value of Plan Assets As at end of the year | 45.44 | 47.51 | 890.21 | 877.25 | 170.01 | 12.99 |
| Funded Status | - | - | (276.03) | (173.15) | - | - |
| Asset Ceiling | - | - | 276.03 | 173.15 | - | - |
| Effect of currency translations | - | - | - | - | - | - |
| **Net Liability recognised in the Balance Sheet (Refer Notes 18 and 24)** | **9.47** | **3.86** | **-** | **-** | **-** | **-** |

(Rs. in Crores)

| Particulars | (Funded) | | | | | |
|---|---|---|---|---|---|---|
| | Gratuity | | Pension | | Provident Fund | |
| | As at March 31, | | As at March 31, | | As at March 31, | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Recognised under:** | | | | | | |
| **Non Current provision (Refer Note 18)** | 9.47 | 3.86 | - | - | - | - |
| **Current provision (Refer Note 24)** | - | - | - | - | - | - |

The Provident Fund has a surplus that is not recognised on the basis that future economic benefits are not available to the Group in the form of a reduction in future contributions or a cash refund due to local regulations.

The Group has no legal obligation to settle the deficit in the funded plan (Gratuity) with an immediate contribution or additional one off contributions.

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**D. Expenses recognised in Consolidated Statement of Profit and Loss**

(Rs. in Crores)

| Particulars | (Funded) | | | | | |
|---|---|---|---|---|---|---|
| | Gratuity | | Pension | | Provident Fund | |
| | Year Ended March 31, | | Year Ended March 31, | | Year Ended March 31, | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current Service Cost | 4.43 | 1.06 | - | - | 10.15 | 4.72 |
| Net Interest Cost | 0.38 | - | - | - | - | - |
| **Total Expenses / (Income) recognised in the Statement of Profit And Loss*** | **4.81** | **1.06** | **-** | **-** | **10.15** | **4.72** |

*Included in Salaries and Wages, Contribution to Provident and Other Funds, Gratuity Fund and Research and Development Expenses (Refer Note 34 and 36 )

**E. Expenses Recognized in the Other Comprehensive Income (OCI) for Current Year**

(Rs. in Crores)

| Particulars | (Funded) | | | | | |
|---|---|---|---|---|---|---|
| | Gratuity | | Pension | | Provident Fund | |
| | Year Ended March 31, | | Year Ended March 31, | | Year Ended March 31, | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Actuarial (Gains)/Losses on Obligation For the Period - Due to changes in demographic assumptions | - | (0.39) | - | - | - | - |
| Actuarial (Gains)/Losses on Obligation For the Period - Due to changes in financial assumptions | (1.24) | 0.22 | (60.44) | | - | - |
| Actuarial (Gains)/Losses on Obligation For the Period - Due to experience adjustment | 0.49 | 2.39 | - | - | - | - |
| Return on Plan Assets, Excluding Interest Income | 0.32 | 1.06 | 30.44 | | - | - |
| Change in Asset Ceiling | - | - | 30.00 | | - | - |
| **Net (Income)/Expense For the Period Recognized in OCI** | **(0.43)** | **3.28** | **-** | **-** | **-** | **-** |

**F. Significant Actuarial Assumptions:**

| Particulars | (Funded) | | | | | |
|---|---|---|---|---|---|---|
| | Gratuity | | Pension | | Provident Fund | |
| | As at March 31, | | As at March 31, | | As at March 31, | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Discount Rate (per annum) | 6.05% to 6.84% | 6.49 to 6.57 | 1.95 | 1.40 | 6.84 | 6.49 |
| Salary escalation rate | 9% to 10% for 3 years then 6% | 9% for first 3 years then 6% | - | - | NA | - |
| Expected Rate of return on Plan Assets (per annum) | 6.05% to 6.84% | 6.49 to 6.57 | 2.00 | 2.00 | 8.10 | NA |

The expected rate of return on plan assets is based on market expectations at the closing of the year. The rate of return on long-term bonds is taken as reference for this purpose.

In case of certain employees, the Provident Fund contribution is made to a Trust administered by the Group. In terms of the Guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident fund liability based on the assumptions listed above and determined that there is no shortfall at the end of each reporting period.

**G. Movements in the present value of net defined benefit obligation are as follows:**

(Rs. in Crores)

| Particulars | (Funded) | |
|---|---|---|
| | Gratuity | |
| | As at March 31, | |
| | 2022 | 2021 |
| Opening Net Liability/(asset) | 3.86 | |
| Acquisition through business combination | 1.38 | |
| Expenses Recognized in Statement of Profit or Loss | 4.81 | 1.06 |
| Expenses Recognized in OCI | (0.43) | 3.28 |
| Net Liability/(Asset) Transfer In | - | 46.63 |
| Balance in relation to the discontinued operations | - | |
| Net asset added on acquisition of subsidiary | - | (0.48) |
| Employer's Contribution | (0.15) | (46.63) |
| **Net Liability/(Asset) Recognized in the Balance Sheet** | **9.47** | **3.86** |

**H. Category of Assets**

(Rs. in Crores)

| Particulars | (Funded) | | | | | |
|---|---|---|---|---|---|---|
| | Gratuity | | Pension | | Provident Fund | |
| | As at March 31, | | As at March 31, | | As at March 31, | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Government of India Assets (Central & State) | 18.05 | 21.43 | | | 79.76 | 5.96 |
| Public Sector Unit Bonds | | | | | | |
| Debt Instruments | | | 605.34 | 596.53 | | |
| Corporate Bonds | 14.74 | 17.82 | | | 64.67 | 4.07 |
| Fixed Deposits under Special Deposit Schemes of Central Government* | 7.23 | 2.81 | | | | |
| Insurance fund* | 1.08 | | | | | |
| Equity Shares of Listed Entities/ Mutual funds | 4.31 | 4.92 | | | 6.25 | 0.55 |
| Global Equities | | | 284.87 | 280.72 | | |
| Others* | 0.03 | 0.53 | | | 19.33 | 2.41 |
| **Total** | **45.44** | **47.51** | **890.21** | **877.25** | **170.01** | **12.99** |

* Except these, all the other investments are quoted.

**I. Other Details**
**Funded Gratuity**

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Number of Active Members | 3,976 | 3,584 |
| Per Month Salary For Active Members (Rs. In crores) | 11.83 | 10.26 |
| Average Expected Future Service (Years) | 5 to 8 Years | 7 to 8 Years |
| Projected Benefit Obligation (PBO) (Rs. In crores) | 55.44 | 51.91 |
| **Prescribed Contribution For Next Year (12 Months) (Rs. In crores)** | **20.41** | **8.76** |

**J. Cash Flow Projection: From the Fund**

(Rs. In crores)

| Projected Benefits Payable in Future Years From the Date of Reporting | Estimated for the year ended March 31, 2022 | Estimated for the year ended March 31, 2021 |
|---|---|---|
| 1st Following Year | 5.67 | 5.82 |
| 2nd Following Year | 4.45 | 3.82 |
| 3rd Following Year | 5.45 | 4.70 |
| 4th Following Year | 6.16 | 5.08 |
| 5th Following Year | 5.60 | 5.77 |
| Sum of Years 6 To 10 | 27.34 | 25.70 |
| Sum of Years 11 years and above | 0.72 | |

The Group's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Group funds the plan on a periodical basis.

In case of certain employees, the Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety, etc., within the overall ambit of the Provident Fund Trust Rules and investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

Weighted average duration of the defined benefit obligation is in the range of 7 - 9 years (Previous year 8 years)

**K. Sensitivity Analysis**

(Rs. in crores)

| Projected Benefit Obligation | Gratuity - Funded | |
|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 |
| Impact of +1% Change in Rate of Discounting | (3.00) | (3.43) |
| Impact of -1% Change in Rate of Discounting | 3.34 | 3.41 |
| Impact of +1% Change in Rate of Salary Increase | 3.32 | 3.41 |
| Impact of -1% Change in Rate of Salary Increase | (3.03) | (3.05) |
| Impact of +1% Change in Rate of Employee Turnover | 0.05 | (0.05) |
| Impact of -1% Change in Rate of Employee Turnover | -0.07 | 0.04 |

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
The liability for Long term Service Awards (Non – Funded) as at year end is Rs. 3.51 crores (Previous year - Rs. 2.88 Crores)
The liability for Leave Encashment (Non – Funded) as at year end is Rs. 32.73 Crores (Previous year Rs. 31.74 Crores)

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## 40 Related Party Disclosures

**1. List of related parties**

A. Holding Company
Piramal Enterprises Limited (PEL)

B. Subsidiaries - Refer Note 37 (a) for list of subsidiaries

C. Fellow Subsidiaries*
PHL Fininvest Private Limited
Piramal Asset Management Private Limited
Piramal Capital and Housing finance Limited
Piramal Dutch IM Holdco B.V.
PEL-DRG Dutch Holdco B.V
INDIAREIT Investment Management Co. (IIMCO)
Piramal Holdings (Suisse) SA

D. Other related parties
Entities controlled by Key Management Personnel*:
Piramal Corporate Services Private Limited (PCSL)
Piramal Glass Limited (PGL)
Piramal Glass USA Inc.
PGP Glass Private Limited

*where there are transactions during current and previous year

Employee Benefit Trusts
Piramal Pharma Ltd employees PF trust (PPPFT)

E. Associates and Joint Ventures - Refer Note 37 (b) and (c )

F. Key Management Personnel (KMP)

Mr. Peter De Young
Ms. Nandini Piramal
Mr. Vivek Valsaraj (w.e.f February 9, 2022)

G. Non Executive/Independent Directors

Mr. S. Ramadorai
Mr. Rajesh Laddha (upto February 10, 2022)
Mr. Neeraj Bharadwaj
Mr. Jairaj Manohar Purandare
Mr. Peter Andrew Stevenson (w.e.f March 30, 2022)
Mr. Sridhar Gorthi (w.e.f March 30, 2022)

**2. Details of transactions with related parties.**

(Rs. in Crores)

| Details of Transactions# | Holding Company | | Fellow Subsidiaries | | Joint Venture | | Associates | | Other Related Parties | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Purchase of Goods** | | | | | | | | | | | | |
| - PGL | | | | | | | | | | 4.65 | - | 4.65 |
| - Piramal Glass USA Inc. | | | | | | | | | 1.08 | 7.09 | 1.08 | 7.09 |
| - Convergence | | | | | - | 116.94 | | | | | - | 116.94 |
| - PEL | - | 49.80 | | | | | | | | | - | 49.80 |
| **TOTAL** | - | 49.80 | - | - | - | 116.94 | - | - | 1.08 | 11.74 | 1.08 | 178.48 |
| **Sale of Goods** | | | | | | | | | | | | |
| - Allergan | | | | | | | 66.06 | 60.22 | | | 66.06 | 60.22 |
| - PEL | 925.96 | 373.27 | | | | | | | | | 925.96 | 373.27 |
| **TOTAL** | 925.96 | 373.27 | - | - | - | - | 66.06 | 60.22 | - | - | 992.02 | 433.49 |
| **Dividend Income** | | | | | | | | | | | | |
| - Allergan | | | | | - | - | 90.65 | 124.54 | - | - | 90.65 | 124.54 |
| **TOTAL** | | | | | - | - | 90.65 | 124.54 | - | - | 90.65 | 124.54 |
| **Reimbursement of expenses** | | | | | | | | | | | | |
| - PEL | 82.94 | 43.70 | | | - | - | | | | | 82.94 | 43.70 |
| - Piramal Glass USA Inc. | | | | | - | - | | | 0.04 | - | 0.04 | - |
| **TOTAL** | 82.94 | 43.70 | - | - | - | - | - | - | 0.04 | - | 82.98 | 43.70 |
| **Receiving of services** | | | | | | | | | | | | |
| - PEL | 56.87 | 24.90 | | | - | - | - | - | | | 56.87 | 24.90 |
| **TOTAL** | 56.87 | 24.90 | - | - | - | - | - | - | - | - | 56.87 | 24.90 |
| **Rendering of Services** | | | | | | | | | | | | |
| - PGP Glass Private Limited | | | | | | | | | 0.05 | - | 0.05 | - |
| - PHL Fininvest | | | 0.60 | - | | | | | | | 0.60 | - |
| - Piramal Asset Management Private Limited | | | 0.13 | - | | | | | | | 0.13 | - |
| - Piramal Capital and Housing finance Limited | | | 0.17 | - | | | | | | | 0.17 | |
| **TOTAL** | - | - | 0.90 | - | - | - | - | - | 0.05 | - | 0.95 | - |
| **Royalty Expense** | | | | | | | | | | | | |
| - PCSL | | | | - | | - | | - | 43.31 | 14.04 | 43.31 | 14.04 |
| **TOTAL** | | | - | - | - | - | - | - | 43.31 | 14.04 | 43.31 | 14.04 |
| **Rent Income** | | | | | | | | | | | | |
| - PHL Fininvest | | | 2.53 | 1.55 | - | - | - | - | | | 2.53 | 1.55 |
| - Piramal Asset Management Private Limited | | | 0.26 | - | - | - | - | - | | | 0.26 | - |
| **TOTAL** | | | 2.79 | 1.55 | - | - | - | - | - | - | 2.79 | 1.55 |
| **Guarantee Commission Expenses** | | | | | | | | | | | | |
| - PEL | 8.48 | 5.20 | | - | | | | | | | 8.48 | 5.20 |
| **TOTAL** | 8.48 | 5.20 | - | - | - | - | - | - | - | - | 8.48 | 5.20 |
| **Finance granted /(repayments) - (including loans and Equity contribution/Investments in cash or in kind)** | | | | | | | | | | | | |
| - Yapan Bio Private Limited | | | | | | | 101.77 | - | | | 101.77 | - |
| - Convergence | | | | | | (5.00) | - | | | - | - | (5.00) |
| **TOTAL** | - | - | - | - | - | (5.00) | 101.77 | - | - | - | 101.77 | (5.00) |
| **Interest received on loans/investments** | | | | | | | | | | | | |
| - Convergence | | | | | | 0.60 | - | - | - | - | - | 0.60 |
| **TOTAL** | | | - | - | - | 0.60 | - | - | - | - | - | 0.60 |
| **Interest received on loans/investments** | | | | | | | | | | | | |
| - PEL-DRG Dutch Holdco B.V | | | - | 20.43 | | | | | | | - | 20.43 |
| -IIMCO | | | - | 0.82 | | | | | | | - | 0.82 |
| -Piramal Holdings (Suisse) SA | | | - | 0.60 | | | | | | | - | 0.60 |
| - PEL | - | 10.81 | | | | | | | | | - | 10.81 |
| - Piramal Dutch IM Holdco B.V. | | | - | 1.10 | | | | | | | - | 1.10 |
| **TOTAL** | - | 10.81 | - | 22.95 | - | - | - | - | - | - | - | 33.76 |
| **Contribution to Funds** | | | | | | | | | | | | |
| - PPFT | | | | | | | | | 26.97 | 8.78 | 26.97 | 8.78 |
| **TOTAL** | | | | | - | - | - | - | 26.97 | 8.78 | 26.97 | 8.78 |

All the transactions were made on normal commercial terms and conditions and at market rates.

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**Compensation of key managerial personnel**

The remuneration of directors and other members of key managerial personnel during the year was as follows:

(Rs. in Crores)

| Particulars | 2022 | 2021 |
|---|---|---|
| Short-term employee benefits (excluding perquisites) | 8.46 | 1.00 |
| Post-employment benefits | 0.72 | 0.08 |
| Commission and other benefits to non executive / indeoendent directors | 0.72 | 0.48 |
| **Total** | **9.90** | **1.56** |

**3. Balances of related parties.**

(Rs. in Crores)

| Account Balances | Holding Company | | Fellow Subsidiaries | | Joint Venture | | Associates | | Other Related Parties | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Trade Receivables** | | | | | | | | | | | | |
| - PEL | 341.99 | 214.88 | | | | | | | | | 341.99 | 214.88 |
| - Allergan | | | | | | | 10.15 | 13.40 | | | 10.15 | 13.40 |
| - PGP Glass Private Limited | | | - | - | - | - | - | - | 0.06 | - | 0.06 | - |
| **TOTAL** | **341.99** | **214.88** | - | - | - | - | **10.15** | **13.40** | **0.06** | - | **352.20** | **228.28** |
| **Consideration payable on account of Business transfer agreement (Refer Note 14 & 63(B)(iii))** | | | | | | | | | | | | |
| - PEL | - | 592.00 | | | | | | | | | - | 592.00 |
| **TOTAL** | - | **592.00** | - | - | - | - | - | - | - | - | - | **592.00** |
| **Other receivable from related parties** | | | | | | | | | | | | |
| - PEL | 11.99 | 39.92 | | | | | | | | | 11.99 | 39.92 |
| - Piramal Capital and Housing finance Limited | | | 0.20 | - | | | | | | | 0.20 | - |
| - Piramal Asset Management Private Limited | | | 0.43 | - | | | | | | | 0.43 | - |
| -PHL Fininvest | | | - | 0.29 | | | | | | | - | 0.29 |
| **TOTAL** | **11.99** | **39.92** | **0.63** | **0.29** | - | - | - | - | - | - | **12.62** | **40.21** |
| **Trade Payables** | | | | | | | | | | | | |
| - Piramal Glass USA Inc | | | | | | | | | 0.67 | 0.21 | 0.67 | 0.21 |
| - PGL | | | | | | | | | - | 0.06 | - | 0.06 |
| - PCSL | | | | | | | | | 21.51 | 12.42 | 21.51 | 12.42 |
| - PEL | 79.81 | 128.24 | | | | | | | | | 79.81 | 128.24 |
| **TOTAL** | **79.81** | **128.24** | - | - | - | - | - | - | **22.18** | **12.69** | **101.99** | **140.93** |

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**41** Property, Plant & Equipment, Brands and Trademarks and Other Financial Assets are mortgaged / hypothecated to the extent of Rs. 3,639.47 Crores (As on March 31, 2021 Rs. 2,789.75 Crores) as a security against long term secured borrowings as at March 31, 2022.

Plant & Equipment, Inventories and Trade receivables are hypothecated as a security to the extent of Rs. 779.43 Crores (As on March 31, 2021 Rs. 144.21 Crores) against short term secured borrowings as at March 31, 2022.

**42** Earnings Per Share (EPS) - EPS is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. The earnings and weighted average numbers of equity shares used in calculating basic and diluted earnings per equity share are as follows:

| **Particulars** | **For the year ended March 31, 2022** | **For the period ended March 31, 2021^** |
|---|---|---|
| 1. Profit attributable to owners of Piramal Pharma Limited (Rs. in Crores) | 375.96 | 835.03 |
| 2. Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (nos.)* | 1,17,88,85,044 | 62,76,19,257 |
| 3.Total Weighted Average Number of Equity Shares for calculating Diluted EPS (nos.) | 1,17,88,85,044 | 62,76,19,257 |
| 4. Earnings Per Share - Basic attributable to Equity Shareholders (Rs.) (1/2) | 3.19 | 13.30 |
| 5. Earnings Per Share - Diluted attributable to Equity Shareholders (Rs.) (1/3) | 3.19 | 13.30 |
| 6. Face value per share (Rs.) | 10.00 | 10.00 |

(i) 17,76,65,757 equity shares were issued as bonus shares on October 04, 2021 to the existing shareholders in the ratio 5.674:1 and bonus shares have been considered for computation of total weighted average number of equity shares to determine the basic and diluted earnings per share as per IND AS 33.

^EPS for previous period has been restated on account of issuance of bonus shares issued in current year in accordance with IND AS 33.

**43** **(a)** The Group conducts research and development to find new sustainable chemical routes for pharmaceutical & herbal products. The Group is undertaking development activities for Oral Solids and Sterile Injectables, apart from other Active Pharmaceutical Ingredients.

The Group has research and development centers in Mumbai, Ennore and Ahmedabad.

Details of additions to Property Plant & Equipments, Intangibles under Development and Revenue Expenditure for Department of Scientific & Industrial Research (DSIR) Recognised research and development facilities / division of the Group at Mumbai, Ennore and Ahmedabad for the year are as follows;

**(Rs. in Crores)**

| **Description** | **For the year ended March 31, 2022** | **For the year ended March 31, 2021** |
|---|---|---|
| **Revenue Expenditure*** | 138.26 | 102.99 |
| **TOTAL** | **138.26** | **102.99** |
| **Capital Expenditure, Net** | | |
| Additions to Property Plant & Equipments | 7.00 | 11.51 |
| Additions to Intangibles under Development | 8.74 | 6.91 |
| **TOTAL** | **15.74** | **18.42** |

* The amount included in Note 34, under R & D Expenses (Net) does not include Rs. 86.82 Crores (Previous year Rs. 79.30 Crores) relating to Ahmedabad location.

Pursuant to business transfer Agreement between Piramal Enterprises Limited (PEL) and the Company, Research and Development units were transferred to the Company, as per terms and condition for recognition of inhouse R&D centre, PEL has informed DSIR for the same.

Expenditure reported in above table is for the year April 01, 2021 to March 31, 2022 (Previous year - April 01, 2020 to March 31, 2021).

**(b)** In addition to the above, R & D Expenses (Net) included under Note 33 "Other Expenses" also includes expenditure incurred by the Group.

**44** The Consolidated results for the year ended March 31, 2022 includes the results for Piramal Critical Care Italia S.P.A, Piramal Critical Care BV, Piramal Dutch Holdings N.V., Piramal Critical Care Pty. Limited, Piramal Critical Care South Africa (Pty) Ltd and PEL Pharma Inc based on audited accounts upto their respective financial year ending December 31, 2021 and management estimates prepared by respective Company's Management for the interim period ending March 31, 2022. The results of Hemmo Pharmaceuticals Private Limited, Allergan India Private Limited, Piramal Healthcare Pension Trustees Limited, Yapan Bio Private Limited, Piramal Critical Care Deutschland GmbH, Piramal Pharma Solutions B.V, Piramal Pharma Japan GK and PEL Healthcare LLC are based on management estimates for the year ended March 31, 2022 as audited results were unavailable. The combined Revenues from operations for the year ended March 31, 2022 for all the above companies is Rs. 604.98 crores. The combined loss for the year ended March 31, 2022 for all the above companies to the Consolidated Profit and Loss is Rs. 83.82 crores.

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**45 Capital Management**

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings as detailed in notes 16 and 21 offset by cash and bank balances) and total equity of the Group.

The Group determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through long-term /short-term borrowings.The Group monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Group.

The capital components of the Group are as given below:

(Rs in Crores)

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Equity | 6,696.60 | 5,605.00 |
| **Total Equity** | **6,696.60** | **5,605.00** |
| Borrowings - Non Current | 2,622.14 | 2,339.16 |
| Borrowings - Current | 1,401.14 | 571.03 |
| **Total Debt** | **4,023.28** | **2,910.19** |
| Cash & Cash equivalents | (228.10) | (384.65) |
| **Net Debt** | **3,795.18** | **2,525.54** |
| **Debt/Equity Ratio** | **0.57** | **0.45** |

The terms of the Secured and unsecured loans and borrowings contain certain financial covenants primarily requiring the Company and it's subsidiaries to maintain financial ratios like Total Debt to Total Net Worth, Interest Coverage Ratio, Fixed Asset Cover ratio, Minimum net worth conditions, etc. The Company and it's subsidiaries are broadly in compliance with the said covenants and banks have generally waived / condoned such covenants.

**46 Risk Management**

The Group's activities expose it to market risk, liquidity risk and credit risk.
The Group has an independent and dedicated Enterprise Risk Management (ERM) system to identify, manage and mitigate business risks.
The Senior Management along with a centralized treasury manages the liquidity and interest rate risk on the balance sheet.
This note explains the sources of risk which the group is exposed to and how the group manages the risk and the impact of hedge accounting in the financial statements.

| Risk | Exposure arising from | Management |
|---|---|---|
| Liquidity risk | Borrowings and other liabilities | The Senior Management along with centralized treasury deliberates on the static liquidity gap statement, future asset growth plans, tenor of assets, market liquidity and pricing of various sources of funds. It decides on the optimal funding mix taking into consideration the asset strategy and a focus on diversifying sources of funds. |
| Market risk - Interest rate | Long-term borrowings at variable rates | The Senior Management reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. |
| Market risk - Foreign exchange | Transactions denominated in foreign currency | The centralised treasury function aggregates the foreign exchange exposure and takes measures to hedge the exposure based on prevalent macroeconomic conditions. |
| Credit risk | Trade receivables and investments | The Senior Management assess the recoverability of investments basis and considered these balances good and fully recoverable.<br>Refer note-9 for trade receivables |

**a. Liquidity Risk Management**

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Senior Management along with centralized treasury is responsible for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Group has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

The Group has the following undrawn credit lines available as at the end of the reporting period.

(Rs. in Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| - Undrawn credit lines | 579.35 | 513.81 |
| | **579.35** | **513.81** |

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

(Rs. in Crores)

| Maturities of Financial Liabilities | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Borrowings | 1,489.37 | 2,107.04 | 717.73 | 22.93 |
| Trade Payables | 1,026.35 | - | - | - |
| Lease Liabilities | 18.91 | 32.28 | 23.24 | 121.65 |
| Other Financial Liabilities | 259.03 | - | - | - |
| | **2,793.66** | **2,139.32** | **740.97** | **144.58** |

(Rs. in Crores)

| Maturities of Financial Liabilities | As at March 31, 2021 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Borrowings | 640.43 | 1,033.50 | 1,255.54 | 379.27 |
| Trade Payables | 917.94 | - | - | - |
| Lease Liabilities | 37.84 | 48.29 | 41.36 | 115.73 |
| Other Financial Liabilities | 722.87 | - | - | - |
| | **2,319.08** | **1,081.79** | **1,296.90** | **495.00** |

The following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

(Rs. in Crores)

| Maturities of Financial Assets | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Trade Receivables (Gross of ECL) | 1,839.80 | | | |
| | **1,839.80** | - | - | - |

*to the extent considered for the group liquidity management

(Rs. in Crores)

| Maturities of Financial Assets | As at March 31, 2021 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Trade Receivables (Gross of ECL) | 1,622.26 | | | |
| | **1,622.26** | - | - | - |

The balances disclosed in the table above are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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In assessing whether the going concern assumption is appropriate, the Group has considered a range of factors relating to current and expected profitability, debt repayment schedule and potential sources of replacement financing. The Group has performed sensitivity analysis on such factors considered and based on current indicators of future economic conditions; there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Because of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Group will continue to monitor any changes to the future economic conditions.

Group has below commitments to invest in AIF which will be invested as and when suitable investment opportunity arises:

**Commitment as on March 31, 2022**

| Fund Name | Total Commitment (USD Mio) | Balance Commitment (USD Mio) | Total Commitment (Rs. Crores) | Balance Commitment (Rs. Crores) |
|---|---|---|---|---|
| Nyca Investment Fund III, LP | Nil | Nil | Nil | Nil |

**Commitment as on March 31, 2021**

| Fund Name | Total Commitment (USD Mio) | Balance Commitment (USD Mio) | Total Commitment (Rs. Crores) | Balance Commitment (Rs. Crores) |
|---|---|---|---|---|
| Nyca Investment Fund III, LP | 5.00 | 3.13 | 36.56 | 22.85 |

**b. Interest Rate Risk Management**

The Group is exposed to interest rate risk as it has assets and liabilities based on floating interest rates as well. Senior Management along with centralised treasury assess the interest rate risk run by it and provide appropriate guidelines to the treasury to manage the risk. The Senior Management along with centralised treasury reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The Senior Management along with centralised treasury reviews the interest rate gap statement and the interest rate sensitivity analysis.

(Rs. in Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Variable rate borrowings | 3,580.93 | 2,564.44 |
| Fixed rate borrowings | 442.37 | 345.75 |
| | 4,023.30 | 2,910.19 |

The sensitivity analysis below has been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate assets and liabilities has been considered to be insignificant.

If interest rates related to borrowings had been 25 basis points higher/lower and all other variables were held constant for Foreign currency loans, the Group's
- Profit before tax for the period ended/Other Equity(pre tax) as on March 31, 2022 would decrease/increase by Rs. 8.95 Crores (previous year: Rs. 6.19 Crores) respectively. This is attributable to the Group's exposure to borrowings at floating interest rates.

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**c. Foreign Currency Risk Management**

The Group is exposed to Currency Risk arising from its trade exposures and Capital receipts / payments denominated, in other than the Functional Currency. The Group has a detailed policy which includes setting of the recognition parameters, benchmark targets, the boundaries within which the treasury has to perform and also lays down the checks and controls to ensure the continuing success of the treasury function.

The Group has defined strategies for addressing the risks for each category of exposures (e.g. for exports, for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.

**i) Derivatives outstanding as at the reporting date**

| I. Hedge of firm commitment and highly probable forecast transactions | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | FC in Millions | Rs. In Crores | FC in Millions | Rs. In Crores |
| Forward contracts to sell USD / INR | 140.00 | 1,083.05 | 116.00 | 869.96 |

**ii) Particulars of unhedged foreign currency exposures as at the reporting date**

| Currencies | As at March 31, 2022 | | | | As at March 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Trade receivables | | Trade Payables / Advances to supplier | | Trade receivables | | Trade Payables / Advances to supplier | |
| | FC in Millions | Rs. In Crores | FC in Millions | Rs. In Crores | FC in Millions | Rs. In Crores | FC in Millions | Rs. In Crores |
| EUR | 14.68 | 123.64 | 1.60 | 13.49 | 18.78 | 160.90 | 0.44 | 3.78 |
| USD | 84.71 | 642.09 | 26.00 | 197.07 | 84.20 | 615.60 | 37.84 | 276.66 |
| GBP | 2.22 | 22.08 | 0.85 | 8.44 | 11.71 | 117.68 | 5.39 | 53.98 |
| AUD | 0.73 | 4.14 | 0.00 | 0.02 | 0.36 | 2.18 | - | 0.01 |
| CAD | 7.30 | 44.15 | (0.00) | (0.02) | 7.45 | 43.24 | - | 0.03 |
| SGD | 0.08 | 0.43 | 0.00 | 0.00 | 0.15 | 0.80 | - | - |
| ZAR | 9.73 | 5.08 | - | - | 64.50 | 31.81 | - | - |
| HKD | 0.46 | 0.44 | 0.03 | 0.02 | 0.80 | 0.79 | - | - |
| IDR | 36,175.29 | 19.17 | 12,981.62 | 6.88 | 29,907.10 | 14.95 | 23,933.80 | 11.97 |
| YEN | 226.89 | 14.10 | 6.07 | 0.38 | 144.90 | 9.57 | 2.19 | 0.15 |
| CZK | 45.53 | 15.66 | 0.64 | 0.22 | 27.59 | 9.05 | 0.65 | 0.23 |
| INR | - | - | - | - | - | - | 279.44 | 27.94 |
| THB | - | - | 0.43 | 0.10 | - | - | 0.77 | 0.18 |
| SEK | - | - | 0.03 | 0.02 | - | - | 0.03 | 0.02 |
| AED | - | - | 0.07 | 0.14 | - | - | 0.04 | 0.08 |
| CHF | 0.09 | 0.74 | 0.20 | 1.65 | - | - | 0.06 | 0.51 |

| Currencies | As at March 31, 2022 | | | | As at March 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Loan from Banks | | Current Account Balances | | Loan from Banks | | Current Account Balances | |
| | FC in Millions | Rs. In Crores | FC in Millions | Rs. In Crores | FC in Millions | Rs. In Crores | FC in Millions | Rs. In Crores |
| USD | | | 33.90 | 257.05 | 8.23 | 60.20 | 17.38 | 127.11 |
| EUR | 1.87 | 15.78 | (11.13) | (93.70) | 0.90 | 7.56 | (11.94) | (102.37) |
| GBP | 0.78 | 7.80 | | | - | - | | |

| Currencies | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Cash & Cash Equivalents | | Cash & Cash Equivalents | |
| | FC in Millions | Rs. In Crores | FC in Millions | Rs. In Crores |
| USD | (0.22) | (1.67) | 6.98 | 51.06 |
| GBP | (0.19) | (1.86) | (0.25) | (2.55) |
| CHF | 0.01 | 0.81 | - | - |
| EUR | 0.23 | 1.94 | 1.43 | 12.28 |
| CZK | 4.47 | 1.54 | 4.03 | 1.32 |
| ZAR | 0.24 | 0.13 | - | - |
| IDR | 1,302.96 | 0.69 | - | - |
| YEN | 0.03 | 0.00 | - | - |
| AUD | 0.00 | 0.01 | - | - |

Of the above, the Group is mainly exposed to USD, GBP, EUR & CHF. Hence the following table analyses the Group's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of these currencies against INR.

| Currencies | Increase/Decrease | As at March 31, 2022 | | | | As at March 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Total Assets in FC (In Millions) | Total Liabilities in FC (In Millions) | Change in exchange rate | Impact on Profit or Loss/Other Equity for the year ( Rs. In Crores) | Total Assets in FC (In Millions) | Total Liabilities in FC (In Millions) | Change in exchange rate | Impact on Profit or Loss/Other Equity for the year (Rs. In Crores) |
| USD | Increase by 5%# | 221.62 | 26.22 | 3.79 | 74.06 | 207.10 | 106.21 | 3.66 | 36.88 |
| USD | Decrease by 5%# | 221.62 | 26.22 | (3.79) | (74.06) | 207.10 | 106.21 | (3.66) | (36.88) |
| GBP | Increase by 5%# | 4.22 | 1.82 | 4.97 | 1.19 | 14.32 | 20.61 | 5.04 | (3.17) |
| GBP | Decrease by 5%# | 4.22 | 1.82 | (4.97) | (1.19) | 14.32 | 20.61 | (5.04) | 3.17 |
| EUR | Increase by 5%# | 14.91 | 14.60 | 4.21 | 0.13 | 10.77 | 11.22 | 4.29 | (0.19) |
| EUR | Decrease by 5%# | 14.91 | 14.60 | (4.21) | (0.13) | 10.77 | 11.22 | (4.29) | 0.19 |
| CHF | Increase by 5%# | 0.10 | 0.20 | 4.10 | (0.04) | - | 4.79 | 3.88 | (1.86) |
| CHF | Decrease by 5%# | 0.10 | 0.20 | (4.10) | 0.04 | - | 4.79 | (3.88) | 1.86 |

# Holding all the variables constant

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d. **Accounting for cash flow hedge**

The objective of hedge accounting is to represent, in the Group's financial statements, the effect of the Group's use of financial instruments to manage exposures arising from particular risks that could affect profit or loss. As part of its risk management strategy, the Group makes use of financial derivative instruments, such as foreign currency range forwards and forward exchange contracts for hedging the risk arising on account of highly probable foreign currency forecast sales.

The Group has a Board approved policy on assessment, measurement and monitoring of hedge effectiveness which provides a guideline for the evaluation of hedge effectiveness, treatment and monitoring of the hedge effective position from an accounting and risk monitoring perspective. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The Group assesses hedge effectiveness on prospective basis. The prospective hedge effectiveness test is a forward looking evaluation of whether or not the changes in the fair value or cash flows of the hedging position are expected to be highly effective in offsetting the changes in the fair value or cash flows of the hedged position over the term of the relationship.

For derivative contracts designated as hedge, the Group documents, at inception, the economic relationship between the hedging instrument and the hedged item, the hedge ratio, the risk management objective for undertaking the hedge and the methods used to assess the hedge effectiveness. The derivative contracts have been taken to hedge foreign currency fluctuations risk arising on account of highly probable foreign currency forecast sales.

The Group applies cash flow hedge to hedge the variability arising out of foreign exchange currency fluctuations on account of highly probable forecast sales. Such contracts are generally designated as cash flow hedges.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The forward exchange forward contracts are denominated in the same currency as the highly probable future sales, therefore the hedge ratio is 1:1. Further, the entity has excluded the foreign currency basis spread and takes such excluded element through the income statement. Accordingly, the Group designates only the spot rate in the hedging relationship.

Hedge effectiveness is assessed through the application of dollar offset method and designation of spot rate as the hedging instrument. The excluded portion of the foreign currency basis spread is taken directly through income statement.

The table below enumerates the Group's hedging strategy, typical composition of the Group's hedge portfolio, the instruments used to hedge risk exposures and the type of hedging relationship for the period ended March 31, 2022:

| Sr No | Type of risk/ hedge position | Hedged item | Description of hedging strategy | Hedging instrument | Description of hedging instrument | Type of hedging relationship |
|---|---|---|---|---|---|---|
| 1 | Foreign Currency hedge | Highly probable forecast sales | Foreign currency denominated highly probable forecast sales is converted into functional currency using a forward contract. | Foreign exchange forward contracts | Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. These are customized contracts transacted in the over-the-counter market. Further, the foreign currency basis spread is separated and accounted for at FVTPL. Accordingly, only the spot rate has been designated in the hedging relationship. | Cash flow hedge |

The tables below provide details of the derivatives that have been designated as cash flow hedges for the periods presented:

**As at March 31, 2022** (In Crores)

| | Notional principal amounts | Derivative Financial Instruments - Assets | Derivative Financial Instruments – Liabilities | Change in fair value for the year recognized in OCI | Ineffectiveness recognized in profit or loss | Line item in profit or loss that includes hedge ineffective-ness | Amount reclassified from cash flow hedging reserve to profit or loss | Line item in profit or loss affected by the reclassifica-tion |
|---|---|---|---|---|---|---|---|---|
| Foreign exchange forward contracts | 13.00 (USD) | 6.26 | - | 0.53 | - | Not applicable | 5.68 | Revenue |

**As at March 31, 2021** (In Crores)

| | Notional principal amounts | Derivative Financial Instruments - Assets | Derivative Financial Instruments – Liabilities | Change in fair value for the year recognized in OCI | Ineffectiveness recognized in profit or loss | Line item in profit or loss that includes hedge ineffective-ness | Contracts novated from PEL to PPL | Amount reclassified from cash flow hedging reserve to profit or loss | Line item in profit or loss affected by the reclassifica-tion |
|---|---|---|---|---|---|---|---|---|---|
| Foreign exchange forward contracts | 11.30 (USD) | 16.36 | - | 10.47 | - | Not applicable | (4.30) | (0.44) | Revenue |

The table below provides a profile of the timing of the notional amounts of the Group's hedging instruments (based on residual tenor) along with the average price or rate as applicable by risk category:

| | As at March 31, 2022 | | | | As at March 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | Upto 1 year | 1-5 years | Over 5 years | Total | Upto 1 year | 1-5 years | Over 5 years |
| **Foreign currency risk:** | | | | | | | | |
| **Forward exchange contracts** | 13.00 (USD) | 13.00 (USD) | - | - | 11.30 (USD) | 11.30 (USD) | - | - |
| Average INR:USD forward contract rate | 77.87 | 77.87 | - | - | 77.11 | 77.11 | - | - |

(iii) The following table provides a reconciliation by risk category of the components of equity and analysis of OCI items resulting from hedge accounting:

| Movement in Cash flow hedge reserve for the years ended | 31 March 2022 (Rs. In Crs) |
|---|---|
| Balance as at March 04, 2020 | - |
| **Effective portion of changes in fair value:** | |
| Foreign exchange forward contracts | 13.77 |
| Tax on movements on reserves during the period | (3.30) |
| Contracts novated from Piramal Enterprises Limited | **(5.53)** |
| Tax on movements on reserves during the period | 1.23 |
| **Net amount reclassified to profit or loss:** | |
| **Effective portion of changes in fair value:** | |
| Foreign exchange forward contracts | (0.44) |
| Tax on movements on reserves during the period | 0.15 |
| **Closing balance as at March 31, 2021** | **5.88** |
| **Effective portion of changes in fair value:** | |
| Foreign exchange forward contracts | 0.71 |
| Tax on movements on reserves during the period | (0.18) |
| **Net amount reclassified to profit or loss:** | |
| **Effective portion of changes in fair value:** | |
| Foreign exchange forward contracts | 7.68 |
| Tax on movements on reserves during the period | (2.00) |
| **Closing balance as at March 31, 2022** | **12.09** |

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**47 Movement in Provisions :** **(Rs. in Crores)**

| Particulars | Onerous Contracts | |
|---|---|---|
| | As at | |
| | March 31, 2022 | March 31, 2021 |
| Balances as at the beginning of the year | 0.08 | 0.10 |
| Amount used | - | (0.03) |
| Revaluation of closing balances | * | 0.01 |
| **Balances as at the end of the year** | **0.08** | **0.08** |
| Classified as Non-current (Refer note 18) | 0.08 | 0.08 |
| **Total** | **0.08** | **0.08** |

* below rounding off norms adopted by the Group

Provision for Onerous contracts represents the amounts provided for contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

**48** Below table provides the geographical information in term of Ind AS 108:

**Geographical Segments**

| Particulars | Within India | | Outside India | | Total | |
|---|---|---|---|---|---|---|
| | March 2022 | March 2021 | March 2022 | March 2021 | March 2022 | March 2021 |
| Revenue from operations | 1,225.55 | 882.66 | 5,333.55 | 5,432.24 | 6,559.10 | 6,314.90 |
| Carrying amount of Non current Assets* | 2,855.12 | 1,956.00 | 5,249.59 | 4,842.59 | 8,104.71 | 6,798.59 |

* Other than Financial assets, deferred tax assets and Net Advance Tax Paid
One customer contributed more than 10% of the total revenue of the Group

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Notes to the Consolidated financial statements for the period ended March 31, 2022

## 49) Income taxes relating to operations

*a) Tax expense recognised in statement of profit and loss*

(Rs. in Crores)

| | Year Ended March 31, 2022 | Period Ended March 31, 2021 |
|---|---|---|
| *Current tax* | | |
| In respect of the current year | 191.13 | 116.34 |
| | **191.13** | **116.34** |
| *Deferred tax* | | |
| Deferred Tax, net | (82.11) | (2.32) |
| | **(82.11)** | **(2.32)** |
| **Total tax expense recognised** | **109.02** | **114.02** |

*b) Tax (expense)/ benefits recognised in other comprehensive income*

(Rs. in Crores)

| | Year ended March 31, 2022 | Period ended March 31, 2021 |
|---|---|---|
| *Deferred tax* | | |
| Arising on income and expenses recognised in other comprehensive income: | | |
| Exchange loss on long term loans transferred to OCI | (5.38) | 1.60 |
| Fair value remeasurement of hedging instruments entered into for cash flow hedges | (2.18) | (1.93) |
| Remeasurement of defined benefit obligation | (0.07) | 0.82 |
| **Total tax expense recognised** | **(7.63)** | **0.49** |

*c) Deferred tax balances*

(Rs. in Crores)

| The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated Balance sheet: | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deferred tax assets (net) | 297.27 | 244.12 |
| Deferred tax liabilities (net) | (192.01) | (222.49) |
| | **105.26** | **21.63** |

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

**Movement of deferred tax during the year ended March 31, 2022**

| Particulars | Balance as at April 01, 2021 | Recognised in statement of profit and loss | Foreign Currency Translation Impact | Recognised in other comprehensive income | Acquired through business combination (Refer note 63(A)(i)) | Closing balance |
|---|---|---|---|---|---|---|
| **Deferred tax (liabilities)/assets in relation to:** | | | | | | |
| Expected Credit Loss on Trade Receivables | 0.24 | 0.75 | - | | | **0.99** |
| Brought forward losses | 239.87 | 69.30 | 10.39 | | | **319.56** |
| Recognition of lease rent expense | 0.07 | 0.15 | - | | | **0.22** |
| Disallowances for items allowed on payment basis | 15.05 | 58.20 | 1.39 | | | **74.64** |
| Unrealised profit margin on inventory | 20.65 | (13.48) | - | | | **7.17** |
| Property, Plant and Equipment and Intangible assets | (246.52) | (36.65) | (3.59) | | 0.95 | **(285.81)** |
| Measurement of financial liabilities at amortised cost | (0.14) | 0.07 | - | | | **(0.07)** |
| Remeasurement of defined benefit obligation | 0.82 | - | - | (0.07) | | **0.75** |
| Fair value measurement of derivative contracts | (4.30) | 4.72 | - | (2.18) | | **(1.76)** |
| Other temporary differences | (4.11) | (6.33) | 0.01 | | | **(10.43)** |
| Exchange differences on long term loans designated as net investments transferred to OCI | - | 5.38 | - | (5.38) | | - |
| **Total** | **21.63** | **82.11** | **8.20** | **(7.63)** | **0.95** | 105.26 |

**Movement of Deferred Tax during the period March 04, 2020 to March 31, 2021**

(Rs. in Crores)

| Particulars | Balance as at March 04, 2020 (Refer note 63(B)(iii)) | Recognised in statement of profit and loss | Foreign Currency Translation Impact | Recognised in other comprehensive income | Acquired through business combination (Refer note 63(B)(ii)) | Closing balance |
|---|---|---|---|---|---|---|
| **Deferred tax (liabilities)/assets in relation to:** | | | | | | |
| Expected Credit Loss on Trade Receivables | - | 0.24 | - | - | - | **0.24** |
| Brought forward losses | 148.23 | 77.94 | 13.70 | - | - | **239.87** |
| Recognition of lease rent expense | - | 0.07 | - | - | - | **0.07** |
| Disallowances for items allowed on payment basis | - | 15.29 | (0.24) | | - | **15.05** |
| Unrealised profit margin on inventory | 28.47 | (7.82) | - | - | - | **20.65** |
| Property, Plant and Equipment and Intangible assets | (159.01) | (72.03) | 0.21 | - | (15.69) | **(246.52)** |
| Measurement of financial liabilities at amortised cost | - | (0.14) | - | - | - | **(0.14)** |
| Remeasurement of defined benefit obligation | - | - | - | 0.82 | - | **0.82** |
| Fair value measurement of derivative contracts | (1.51) | (0.86) | - | (1.93) | - | **(4.30)** |
| Other temporary differences | 2.62 | (8.77) | 2.04 | - | - | **(4.11)** |
| Exchange differences on long term loans designated as net investments transferred to OCI | - | (1.60) | - | 1.60 | - | - |
| **Total** | **18.80** | **2.32** | **15.71** | **0.49** | **(15.69)** | **21.63** |

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**The income tax expense for the year can be reconciled to the accounting profit as follows:**

(Rs. in Crores)

| Particulars | For the year ended March 31, 2022 | For the period 04/03/2020 to 31/03/2021 |
|---|---|---|
| **Consolidated Profit before tax** | 425.95 | 901.81 |
| Less: Profit recognised on account of common control acquisition (Refer note 63(B)(iii)) | - | (282.02) |
| **Profit before tax** | 425.95 | 619.79 |
| **Income tax expense calculated at 25.17%** | **107.21** | **156.00** |
| Effect of expenses that are not deductible in determining taxable profit | 5.88 | 9.43 |
| Utilisation of previously unrecognised tax losses | (20.99) | (26.67) |
| Effect of incomes which are taxed at different rates | (4.22) | (5.38) |
| Effect of incomes which are exempt from tax | - | 6.54 |
| Deferred tax asset created on unrecognised tax losses of previous years | (47.94) | (78.10) |
| Tax provision for earlier years | - | (20.06) |
| Tax losses for which no deferred income tax is recognised | 58.63 | 34.08 |
| Temporary differences for which no deferred income tax was recognised | 6.89 | 6.13 |
| Unrealised profit margin on inventory on which deferred tax asset is not created | (0.82) | 0.22 |
| Effect of deduction from dividend income | - | 14.37 |
| Others | 4.39 | 17.46 |
| **Income tax expense recognised in consolidated statement of profit and loss** | **109.03** | **114.02** |

The tax rate used for the reconciliations above is the corporate tax rate of 25.17% for the year ended March 31, 2022 and March 31, 2021 by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

In assessing the realizability of deferred tax assets, the Group considers the extent to which it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits (after considering the Covid-19 impact) during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Group considers the expected reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income taxes are deductible, the Group believes that it is probable that the Group will realize the benefits of this deferred tax asset. The amount of deferred tax asset considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carry-forward period are reduced.

In addition to this, during the period, the Group has recognized Deferred Tax Asset of Rs. 47.94 Crores (Previous year Rs. 78.10 Crores) on unused tax losses, considering profits in the past years and reasonable certainty of realisation of such deferred tax asset in the future years.

Deferred tax asset amounting to Rs. 193.23 Crores (Previous year Rs. 161.77 crores) as at March 31, 2022 in respect of unused tax losses, temporary differences and tax credits was not recognized by the Group, considering that the Company and its subsidiaries had a history of tax losses for recent years. Unrecognized Deferred tax of Rs. 193.23 Crores (Previous year Rs. 124.66 Crores) as at March 31, 2022 are attributable to carry forward tax losses which are not subject to expiration dates. The remaining unrecognized deferred tax of Rs. Nil (Previous year Rs. 37.11 Crores) as at March 31, 2022 are attributable to carry forward tax losses which expires in various years upto December 31, 2037.

Deferred income taxes are not recognised on the undistributed earnings of subsidiaries, associates where it is expected that the earnings will not be distributed in the foreseeable future or where the tax credit can be availed by the holding company.

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**Notes to the Consolidated financial statements for the period ended March 31, 2022**

**50 (a). Disclosures mandated by Schedule III by way of additional information**

| Name of the entity | Net Assets (total assets minus total liabilities) as at March 31, 2022 | | Share in Profit for the year ended March 31, 2022 | | Share in Other Comprehensive Expense for the year ended March 31, 2022 | | Share in Total Comprehensive Loss for the year ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated net assets | Amount (Rs. in Crores) | As a % of Consolidated profit | Amount (Rs. in Crores) | As a % of Consolidated Other Comprehensive Expense | Amount (Rs. in Crores) | As a % of Consolidated Total Comprehensive Loss | Amount (Rs. in Crores) |
| **Parent** | | | | | | | | |
| Piramal Pharma Limited | 75.67% | 5,067.35 | 91.25% | 343.04 | 6.86% | 6.77 | 73.69% | 349.81 |
| **Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Convergence Chemicals Private Limited (w.e.f February 25, 2021) | 2.18% | 146.07 | 3.85% | 14.49 | -0.13% | (0.13) | 3.03% | 14.36 |
| Hemmo Pharmaceuticals Private Limited (w.e.f June 22, 2021) | 2.01% | 134.49 | 7.04% | 26.47 | -0.09% | (0.09) | 5.56% | 26.38 |
| **Foreign** | | | | | | | | |
| Piramal Dutch Holdings N.V. | 27.06% | 1,812.15 | -16.13% | (60.63) | -27.61% | (27.26) | -18.52% | (87.89) |
| Piramal Healthcare Inc. | 21.84% | 1,462.87 | 59.65% | 224.26 | 41.81% | 41.28 | 55.94% | 265.54 |
| Piramal Critical Care, Inc. | 12.93% | 865.75 | 31.73% | 119.28 | 31.37% | 30.97 | 31.65% | 150.25 |
| Piramal Pharma Inc. | 0.21% | 13.77 | -0.02% | (0.09) | 0.50% | 0.49 | 0.08% | 0.40 |
| PEL Pharma Inc. | -0.85% | (56.74) | -6.12% | (23.01) | -20.98% | (20.72) | -9.21% | (43.73) |
| Ash Stevens LLC | 9.15% | 612.56 | 9.70% | 36.45 | 21.27% | 21.00 | 12.10% | 57.45 |
| Piramal Pharma Solutions Inc. | -7.49% | (501.27) | -21.42% | (80.52) | -15.98% | (15.78) | -20.29% | (96.30) |
| Piramal Critical Care Italia, S.P.A | 0.28% | 18.45 | -0.75% | (2.81) | -0.30% | (0.30) | -0.65% | (3.11) |
| Piramal Critical Care Deutschland GmbH | 0.14% | 9.22 | -2.92% | (10.97) | -0.32% | (0.32) | -2.38% | (11.29) |
| Piramal Healthcare (UK) Limited | 10.17% | 681.25 | 3.84% | 14.44 | -8.70% | (8.59) | 1.23% | 5.85 |
| Piramal Healthcare Pension Trustees Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Piramal Critical Care Limited | 1.00% | 66.89 | -24.74% | (93.00) | 3.91% | 3.86 | -18.78% | (89.14) |
| Piramal Healthcare (Canada) Limited | 10.50% | 703.30 | 19.12% | 71.89 | 27.56% | 27.21 | 20.88% | 99.10 |
| Piramal Critical Care South Africa (Pty) Ltd | 0.11% | 7.54 | 0.53% | 2.00 | 0.38% | 0.38 | 0.50% | 2.38 |
| Piramal Critical Care B.V. | -0.51% | (34.12) | -7.64% | (28.72) | 0.92% | 0.91 | -5.86% | (27.81) |
| Piramal Critical Care Pty. Ltd. | 0.04% | 2.71 | 0.14% | 0.52 | 0.06% | 0.06 | 0.12% | 0.58 |
| PEL Healthcare LLC (w.e.f June 26, 2020) | 1.27% | 85.27 | -12.12% | (45.56) | 3.93% | 3.88 | -8.78% | (41.68) |
| Piramal Pharma Japan GK (w.e.f November 21, 2021) | 0.01% | 0.50 | -0.03% | (0.13) | -0.03% | (0.03) | -0.03% | (0.16) |
| **Associates (Investment as per the equity method)** | | | | | | | | |
| **Indian** | | | | | | | | |
| Allergan India Private Limited | 1.17% | 78.09 | 15.71% | 59.07 | 0.00% | - | 12.44% | 59.07 |
| Yapan Bio Private Limited (w.e.f. December 20, 2021) | 1.52% | 101.73 | -0.01% | (0.04) | 0.00% | - | -0.01% | (0.04) |
| Consolidation Adjustments | -68.41% | (4,581.23) | -50.66% | (190.47) | 35.60% | 35.15 | -32.72% | (155.32) |
| **Total** | **100.00%** | **6,696.60** | **100.00%** | **375.96** | **100.00%** | **98.74** | **100.00%** | **474.70** |

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**Notes to the Consolidated financial statements for the period ended March 31, 2022**

**50 (b). Disclosures mandated by Schedule III by way of additional information**

| Name of the entity | Net Assets (total assets minus total liabilities) as at March 31, 2021 | | Share in Profit or (loss) for the year ended March 31, 2021 | | Share in Other Comprehensive Income for the year ended March 31, 2021 | | Share in Total Comprehensive Income for the year ended March 31, 2021 | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated net assets | Amount (Rs. in Crores) | As a % of Consolidated profit/ (loss) | Amount (Rs. in Crores) | As a % of Consolidated Other Comprehensive Income/ (Expense) | Amount (Rs. in Crores) | As a % of Consolidated Total Comprehensive Income/ (Loss) | Amount (Rs. in Crores) |
| **Parent** | | | | | | | | |
| Piramal Pharma Limited | 73.16% | 4,100.83 | 68.44% | 571.49 | 2.59% | 3.28 | 59.77% | 574.77 |
| **Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Convergence Chemicals Private Limited (w.e.f February 25, 2021) | 2.35% | 131.78 | -0.04% | (0.35) | -0.07% | (0.09) | -0.05% | (0.44) |
| **Foreign** | | | | | | | | - |
| Piramal Dutch Holdings N.V. | 33.90% | 1,900.04 | -6.12% | (51.14) | -5.01% | (6.34) | -5.98% | (57.48) |
| Piramal Healthcare Inc. | 21.36% | 1,197.34 | 2.73% | 22.83 | 52.37% | 66.28 | 9.27% | 89.11 |
| Piramal Critical Care, Inc. | 16.07% | 900.85 | 26.77% | 223.56 | -21.48% | (27.19) | 20.42% | 196.37 |
| Piramal Pharma Inc. | 0.24% | 13.37 | -0.10% | (0.85) | -0.38% | (0.48) | -0.14% | (1.33) |
| PEL Pharma Inc. | -0.23% | (13.01) | -2.62% | (21.88) | 14.88% | 18.83 | -0.32% | (3.05) |
| Ash Stevens LLC | 9.90% | 554.83 | 11.92% | 99.56 | -18.41% | (23.30) | 7.93% | 76.26 |
| Piramal Pharma Solutions Inc. | -7.22% | (404.51) | -10.06% | (84.04) | 9.89% | 12.52 | -7.44% | (71.52) |
| Piramal Critical Care Italia, S.P.A | 0.38% | 21.56 | -0.78% | (6.48) | 0.35% | 0.44 | -0.63% | (6.04) |
| Piramal Critical Care Deutschland GmbH | 0.23% | 13.08 | -1.64% | (13.68) | 0.00% | (0.00) | -1.42% | (13.68) |
| Piramal Healthcare (UK) Limited | 12.05% | 675.32 | 4.89% | 40.86 | 41.85% | 52.96 | 9.76% | 93.82 |
| Piramal Healthcare Pension Trustees Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Piramal Critical Care Limited | 2.78% | 156.04 | -8.35% | (69.73) | 3.77% | 4.77 | -6.76% | (64.96) |
| Piramal Healthcare (Canada) Limited | 10.78% | 604.19 | 19.16% | 160.03 | 32.39% | 40.99 | 20.91% | 201.02 |
| Piramal Critical Care South Africa (Pty) Ltd | 0.09% | 5.15 | -0.01% | (0.04) | 0.27% | 0.34 | 0.03% | 0.30 |
| Piramal Critical Care B.V. | -0.11% | (6.30) | -3.55% | (29.61) | 0.60% | 0.76 | -3.00% | (28.85) |
| Piramal Critical Care Pty. Ltd. | 0.04% | 2.41 | -0.01% | (0.07) | 0.31% | 0.39 | 0.03% | 0.32 |
| PEL Healthcare LLC (w.e.f June 26, 2020) | 2.27% | 127.30 | -0.85% | (7.09) | 3.00% | 3.79 | -0.34% | (3.30) |
| **Associates (Investment as per the equity method)** | | | | | | | | |
| **Indian** | | | | | | | | |
| Allergan India Private Limited | 1.96% | 109.67 | 5.09% | 42.54 | 0.00% | - | 4.42% | 42.54 |
| | | | | | | | | - |
| Consolidation Adjustments | -80.02% | (4,484.94) | -4.90% | (40.88) | -16.91% | (21.40) | -6.48% | (62.28) |
| **Total** | **100.00%** | **5,605.00** | **100.00%** | **835.03** | **100.00%** | **126.55** | **100.00%** | **961.58** |

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**Notes to the Consolidated financial statements for the period ended March 31, 2022**

**51 Fair Value Measurement**

**Financial Instruments by category:**

**Rs. in Crores**

a)

| **Categories of Financial Instruments:** | **March 31, 2022** FVTPL | **March 31, 2022** Amortised Cost | **March 31, 2021** FVTPL | **March 31, 2021** Amortised Cost |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Investments in Equity shares | 50.34 | - | 13.00 | - |
| Investments in Mutual funds | 37.01 | - | - | - |
| Cash & Bank Balances | - | 328.99 | - | 405.62 |
| Trade Receivables | - | 1,785.28 | - | 1,574.94 |
| Other Financial Assets - Current | 7.48 | 43.37 | 17.07 | 165.92 |
| | **94.83** | **2,157.64** | **30.07** | **2,146.48** |
| **Financial liabilities** | | | | |
| Borrowings (including Current Maturities of Long Term Debt) | - | 4,023.28 | - | 2,910.19 |
| Trade Payables | - | 1,026.35 | - | 917.94 |
| Other Financial Liabilities | - | 259.43 | - | 722.87 |
| | - | **5,309.06** | - | **4,551.00** |

b) **Fair Value Hierarchy and Method of Valuation**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Rs. in Crores**

| **Financial Assets** | **March 31, 2022** Notes | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|
| **Measured at FVTPL - Recurring Fair Value Measurements** | | | | | | |
| **Investments** | | | | | | |
| Investments in Equity Shares | i | 50.34 | | | 50.34 | 50.34 |
| Investment in Mutual Funds | i | 37.01 | 37.01 | | | 37.01 |
| **Other Financial Assets - Current** | | | | | | |
| Derivative Financial Assets | ii | 7.48 | | 7.48 | | 7.48 |

| **Financial Liabilities** | **March 31, 2022** Notes | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|
| **Measured at Amortised Cost for which fair values are disclosed** | | | | | | |
| Borrowings (including Current Maturities of Long -Term Borrowings) | iii | 4,023.28 | | | 4,023.28 | 4,023.28 |

**Rs. in Crores**

| **Financial Assets** | **March 31, 2021** Notes | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|
| **Measured at FVTPL - Recurring Fair Value Measurements** | | | | | | |
| **Investments** | | | | | | |
| Investments in Equity Shares | i | 13.00 | | | 13.00 | 13.00 |
| **Other Financial Assets** | | | | | | |
| Derivative Financial Assets | ii | 17.07 | | 17.07 | | 17.07 |

Except for those financial instruments for which the carrying amounts are mentioned in the above table, the Company considers that the carrying amounts recognised in the financial statements approximate their fair values.
For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.
Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-thecounter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration, Debentures, Term Loans, investment in Alternate Investment Funds and ICDs included in level 3.

**Valuation techniques used to determine the fair values:**

i. This includes mutual funds and equity shared which are fair valued using quoted prices and closing NAV in the market.
ii. This includes forward exchange contracts . The fair value of the forward exchange contract is determined using forward exchange rate at the balance sheet date.
iii. Fair values of borrowings are based on discounted cash flow using a current borrowing rate. They are classified as Level 3 values hierarchy due to the use of unobservable inputs, including own credit risk. The discounting factor used has been arrived at after adjusting the rate of interest for the financial liabilities by the difference in the Government Securities rates from date of initial recognition to the reporting dates.

c) **Fair value measurements using significant unobservable inputs (level 3)**
The following table presents the changes in level 3 items for the period ended March 31, 2022 and March 31, 2021.

| | **(Rs. in Crores)** Equity Shares |
|---|---|
| **As at March 04, 2020** | 9.85 |
| Acquisitions | 5.57 |
| Gains/(Losses) recognised in profit or loss | (0.86) |
| Exchange Fluctations | (1.56) |
| **As at March 31, 2021** | **13.00** |
| Acquisitions | **15.44** |
| Gains recognised in profit or loss | 21.18 |
| Exchange Fluctations | 0.72 |
| **As at March 31, 2022** | **50.34** |

d) Management uses its best judgment in estimating the fair value of its financial instruments (including impact on account of Covid-19). However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Group could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

## 52 Leases

### (i) Amounts recognised in the balance sheet

**Right-of-use assets**

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2022

(Rs. in Crores)

| Category of Asset | Opening as on 1st April, 2021 | Acquistion through Business Combination* | Additions during 2021-22 | Deductions during 2021-22 | Depreciation for 2021-22 | Foreign currency translation impact | Closing as on 31st March, 2022 |
|---|---|---|---|---|---|---|---|
| Building | 124.04 | - | 10.00 | 0.93 | 25.68 | 4.46 | 111.89 |
| Leasehold Land | 5.27 | 54.09 | 6.69 | - | 0.27 | - | 65.78 |
| Equipments | 0.87 | 0.50 | - | - | 0.52 | - | 0.85 |
| **Total** | **130.18** | **54.59** | **16.69** | **0.93** | **26.47** | **4.46** | **178.52** |

Following are the changes in the carrying value of right of use assets for the period ended March 31, 2021

(Rs. in Crores)

| Category of Asset | Balance as at March 04, 2020 | Acquistion through Business Combination* | Additions during 2020-21 | Deduction for the period | Depreciation for the period | Foreign currency translation impact | Closing as on 31st March, 2021 |
|---|---|---|---|---|---|---|---|
| Building | 77.38 | 16.26 | 45.63 | - | 20.00 | 4.77 | 124.04 |
| Leasehold Land | 5.20 | - | 0.14 | - | 0.07 | - | 5.27 |
| Equipments | 0.37 | 1.03 | - | - | 0.50 | -0.03 | 0.87 |
| Total | **82.95** | **17.29** | **45.77** | - | **20.57** | **4.74** | **130.18** |

*Refer note 63(A)(i)

### (ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

(Rs. in Crores)

| Particulars | Year ended March 31, 2022 | For the period 04/03/2020 to 31/03/2021 |
|---|---|---|
| Interest expense on lease liabilities (included in finance cost) | 5.73 | 5.17 |
| Expense relating to short-term leases (included in Operating Expenses) | 2.91 | 7.86 |
| Expense relating to leases of low-value assets (other than short term leases as disclosed above) (included in Operating expenses) | 25.34 | 20.76 |

The weighted average incremental borrowing rate applied to lease liabilities ranges between 2.51% to 11.77%.

The bifurcation below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(Rs. in Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| 1 year | 18.91 | 37.84 |
| 1-3 years | 32.28 | 48.29 |
| 3-5 years | 23.24 | 41.36 |
| More than 5 years | 121.65 | 115.73 |

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53 Trade Receivables ageing (#)

As at March 31, 2022 (Rs. in Crores)

| Ageing of receivables | Not Due | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|
| **Undisputed Trade Receivables :** | | | | | | | |
| Considered Good | 1,373.57 | 380.68 | 33.33 | 3.12 | - | - | 1,790.70 |
| Credit impaired | - | 0.05 | 1.34 | 7.00 | 6.41 | 34.30 | 49.10 |
| | | | | | | | |
| | | | | | | | |
| **Total** | **1,373.57** | **380.73** | **34.67** | **10.12** | **6.41** | **34.30** | **1,839.80** |

As at March 31, 2021 (Rs. in Crores)

| Ageing of receivables | Not Due | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|
| **Undisputed Trade Receivables :** | | | | | | | |
| Considered Good | 1,255.32 | 290.65 | 30.25 | 2.09 | 0.85 | - | 1,579.16 |
| Credit impaired | - | - | 1.80 | 7.49 | 12.97 | 20.81 | 43.07 |
| | | | | | | | |
| **Disputed Trade Receivables :** | | | | | | | |
| Credit impaired | - | 0.03 | - | | | | 0.03 |
| | | | | | | | |
| **Total** | **1,255.32** | **290.68** | **32.05** | **9.58** | **13.82** | **20.81** | **1,622.26** |

# Where due date has not been specified, ageing has been calculated basis transaction date.

54 Trade Payable Ageing

As at March 2022 Rs. In Crores

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | 36.51 | 12.42 | 0.21 | 0.00 | 0.24 | 49.38 |
| (ii) Others | 113.08 | 208.66 | 0.49 | 1.28 | 3.22 | 326.73 |
| **Total** | **149.59** | **221.08** | **0.70** | **1.28** | **3.46** | **376.11** |

As at March 2021 Rs. In Crores

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | 12.12 | 15.75 | 0.02 | 0.24 | 0.11 | 28.24 |
| (ii) Others | 174.14 | 87.40 | 11.85 | 0.40 | 2.48 | 276.27 |
| **Total** | **186.26** | **103.15** | **11.87** | **0.64** | **2.59** | **304.51** |

Accrued expenses amount to Rs. 650.24 Crores as on March 31, 2022 (as on March 31, 2021 - Rs. 613.43 Crores)

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Notes to the Consolidated financial statements for the period ended March 31, 2022

55 Capital work in-progress (CWIP)

i. Ageing for Capital work in-progress (CWIP) as at March 31, 2022

Rs. In Crores

| | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| Capital work in-progress (CWIP)* | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| a. Projects in progress | 375.99 | 76.82 | 33.77 | 118.54 | 605.12 |

Ageing for Capital work in-progress (CWIP) as at March 31, 2021

Rs. In Crores

| | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| Capital work in-progress (CWIP)* | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| a. Projects in progress | 173.62 | 58.28 | 28.84 | 89.90 | 350.64 |

*Above disclosure includes entities in the Group having balance of more than 10% of total capital work in progress.

ii. Project wise details of CWIP project whose completion is overdue or has exceeded its cost compared to its original plan.^*

As at March 31, 2022

Rs. In Crores

| | To be completed in | | | | |
|---|---|---|---|---|---|
| Capital work in-progress (CWIP) | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| Projects in progress | | | | | |
| 1. Project 1 | - | 131.68 | - | - | 131.68 |
| 2. Project 2 | 64.11 | - | - | - | 64.11 |
| 3. Project 3 | 19.36 | - | - | - | 19.36 |

As at March 31, 2021

Rs. In Crores

| | To be completed in | | | | |
|---|---|---|---|---|---|
| Capital work in-progress (CWIP) | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| Projects in progress | | | | | |
| 1. Project 1 | - | - | 126.95 | - | 126.95 |
| 2. Project 2 | - | 30.44 | - | - | 30.44 |

^Above disclosure includes material projects which are delayed from its original planned cost or time.

*Delays in project is mainly on account of COVID pandemic.

56 Intangible Assets under Development (IAUD)^

i. Ageing for Intangible Assets under Development (IAUD) as at March 31, 2022

Rs. In Crores

| Assets under Development (IAUD)* | Amount in IAUD for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| a. Projects in progress | 264.62 | 40.91 | 34.56 | 80.74 | 420.83 |

Ageing for Intangible Assets under Development (IAUD) as at March 31, 2021

Rs. In Crores

| Assets under Development (IAUD)* | Amount in IAUD for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| a. Projects in progress | 51.00 | 48.56 | 46.64 | 51.99 | 198.19 |

*Above disclosure includes entities in the Group having balance of more than 10% of total intangible assets under development.

^There are no material projects which are delayed from its original planned cost or time.

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**57** The group and its associates have not been declared as wilful defaulter by any bank or financial institution or any other lender

**58** Relationship with struck off companies

(Rs. In crores)

| Name of struck off Company | Nature of transactions with struck-off Company | Balance outstanding as at March 31, 2022 | Relationship with the Struck off company, if any, to be disclosed |
|---|---|---|---|
| **Balance with Piramal Pharma Limited** | | | |
| Central Agency & Services Private Limited | Receivables | 0.01 | Customer |
| Welink Smo India Private Limited | Payable | * | Vendor |
| EMS Networks Private Limited | Payable | * | Vendor |
| Secureplus Allied Private Limited | Payable | 0.03 | Vendor |
| Apex Associates Private Limited | Payable | * | Vendor |
| Epic Attires Private Limited | Payable | * | Vendor |
| **Balance with Convergence Chemical Private Limited** | | | |
| Graphite India Limited | Payable | - | Vendor |

(Rs. In crores)

| Name of struck off Company | Nature of transactions with struck-off Company | Balance outstanding as at March 31, 2021 | Relationship with the Struck off company, if any, to be disclosed |
|---|---|---|---|
| **Balance with Piramal Pharma Limited** | | | |
| Central Agency & Services Private Limited | Receivables | 0.02 | Customer |
| Office Bazaar Supplies Private Linited | Payable | 0.01 | Vendor |
| Welink Smo India Private Limited | Payable | * | Vendor |
| Ems Networks Pvt Ltd | Payable | * | Vendor |
| Secureplus Allied Private Limited | Payable | 0.03 | Vendor |
| Apex Associates Private Limited | Payable | * | Vendor |
| Epic Attires Private Limited | Payable | * | Vendor |
| Aurozon (India) Private Limited | Advance Paid | 0.03 | Vendor |
| Nagadi Consultants Private Limited | Advance Paid | * | Vendor |
| **Balance with Convergence Chemical Private Limited** | | | |
| Graphite India Limited | Payable | - | Vendor |

* below rounding off norms adopted by the Group

**59** The Group and its associates have complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

**60** The Group and its associates do not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

**61** The Group and its associates have not traded or invested in crypto currency during the year ended March 31, 2022.

**62** The Group and its associates do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

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Notes to the Consolidated financial statements for the period ended March 31, 2022

63 Business Combinations

A. Summary of acquisitions during the current period

(i) Acquisition of Hemmo Pharmaceuticals Private Limited (Hemmo)

On June 22, 2021, the Group completed the acquisition of 100% stake in Hemmo Pharmaceuticals Private Limited ('Hemmo') pursuant to an agreement entered on March 31, 2021 for an upfront cash consideration of Rs. 775 crores and earn-outs linked to achievement of milestones. The Group has completed the purchase price allocation of the assets/liabilities acquired and consequently, measurement period changes have been adjusted to the goodwill. Balance consideration payable is Rs 89.91 crores. The acquisition will add peptide API development and manufacturing capabilities.

(a) The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

| Particulars | Rs. in Crores |
|---|---|
| **Assets** | |
| Property, Plant and Equipment | 36.13 |
| Capital work in progress | 0.11 |
| Intangible assets | 405.62 |
| Intangible asset under development | 197.87 |
| Right of use assets | 54.59 |
| Investments | 0.11 |
| Other Non-current Assets | 0.38 |
| Inventory | 26.34 |
| Trade Receivables | 20.44 |
| Cash and cash equivalents & bank balances | 77.02 |
| Loans | 0.40 |
| Other Non-Current Financial Assets | 0.44 |
| Other current Assets | 20.68 |
| Deferred Tax Assets | 0.95 |
| **Total Assets** | **841.08** |
| **Liabilities** | |
| Trade payable | 63.94 |
| Other Current Liabilities | 17.30 |
| Lease Liability | 0.06 |
| Other Liabilities | 0.03 |
| Non-current Provisions | 1.34 |
| Current tax liabilities | 1.57 |
| Current Provisions | 0.43 |
| **Total Liabilities** | **84.67** |
| **Net identifiable assets acquired** | **756.41** |

(b) Calculation of goodwill

| Particulars | Rs. in Crores |
|---|---|
| Purchase consideration | 901.47 |
| Less: Net identifiable assets acquired | 756.41 |
| Goodwill | 145.06 |

Goodwill is attributable to the synergies expected to arise from the combination of the acquired technical knowhow and the Piramal Group's global sales and marketing network which will augment the CDMO offering and allow PPL to provide integrated offerings across the pharmaceutical development cycle. Goodwill is not deductible for tax purpose.

(c) Revenue and profit contribution

The revenues and profits contributed to the group for the year ended March 31, 2022 are as follows:

| Particulars | Rs. in Crores |
|---|---|
| Revenue | 121.62 |
| Profit before tax | 35.55 |

*(d) Credit/Charge to P&L*

Acquisition costs of Rs. 15.08 Crores were charged to Consolidated Statement of Profit and Loss for the year ended March 31, 2022 under the head - Exceptional items.

*(e) Acquired Receivables*

| Particulars | Rs. in Crores |
|---|---|
| Fair value of acquired trade receivables | 20.44 |
| Gross contractual amount for trade receivables | 20.44 |
| Contractual cash flows not expected to be collected | - |

*(f) Purchase consideration - cash outflow*

| Particulars | Rs. in Crores |
|---|---|
| Net outflow of cash - investing activities | 790.74 |

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**B. Summary of acquisitions during the previous period**

**(i) Acquisition of G&W PA Laboratories LLC (G&W PA) (now known as PEL Healthcare LLC)**

The Group, through its wholly owned subsidiary, PEL Pharma Inc, has acquired 100% stake in G&W PA Laboratories LLC (G&W PA) (now known as PEL Healthcare LLC) in an all cash deal for a total consideration of Rs. 132.29 Crores. Through this, the group has acquired the solid oral dosage drug product manufacturing facility of G&W PA, located in Sellersville, Pennsylvania. The transaction was closed on June 26, 2020.

***(a) Details of purchase consideration***

| Particulars | USD in Million | Rs. in Crores |
|---|---|---|
| Cash paid | 17.50 | 132.19 |
| Working capital adjustment | 0.01 | 0.10 |
| **Total Purchase Consideration** | **17.51** | **132.29** |

***(b) The fair value of assets and liabilities recognised as a result of the acquisition are as follows:***

| Particulars | USD in Million | Rs. in Crores |
|---|---|---|
| **Assets** | | |
| Property, Plant and Equipment | 15.97 | 120.60 |
| Intangible assets - Computer Software | 1.30 | 9.83 |
| Trade Receivables | 1.94 | 14.62 |
| Cash and cash equivalents | 0.12 | 0.90 |
| Prepaid expenses | 0.08 | 0.60 |
| **Total Assets** | **19.41** | **146.55** |
| **Liabilities** | | |
| Trade payable | 0.91 | 6.83 |
| **Total Liabilities** | **0.91** | **6.83** |
| **Net identifiable assets acquired** | **18.50** | **139.72** |

***(c) Calculation of goodwill/ (Gain on bargain purchase)***

| Particulars | USD in Million | Rs. in Crores |
|---|---|---|
| Consideration transferred | 17.51 | 132.29 |
| Less: Net identifiable assets acquired | 18.50 | 139.72 |
| **Gain on bargain purchase** | **(0.99)** | **(7.43)** |

***(d) Acquired Receivables***

| Particulars | USD in Million | Rs. in Crores |
|---|---|---|
| Fair value of acquired trade receivables | 1.94 | 14.62 |
| Gross contractual amount for trade receivables | 1.94 | 14.62 |
| Contractual cash flows not expected to be collected | - | - |

***(f) Revenue and profit contribution***

The revenues and profits to the group for the period ended March 31, 2021 are as follows:

| Particulars | USD in Million | Rs. in Crores |
|---|---|---|
| Revenue | 14.78 | 109.70 |
| Profit/(Loss) before tax | (0.95) | (7.08) |

***(g) Acquisition costs charged to P&L***

Acquisition costs of Rs. 2.96 Crores (USD 0.40 million) were charged to Consolidated Statement of Profit and Loss for the period ended March 31, 2021 in relation to the acquisition under the head - Other expenses.

***(h) Purchase consideration - cash outflow***

| Particulars | USD in Million | Rs. in Crores |
|---|---|---|
| Net outflow of cash - investing activities | 17.51 | 132.29 |

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**(ii) Acquisition of Convergence Chemicals Private Limited ('CCPL')**

The Company had acquired 51% stake in CCPL from PEL through business transfer agreement entered on October 06, 2020. The Group had accounted the investment using equity accounting method.

On February 24, 2021,The Company has acquired balance 49% stake held by Navin Fluorine International Limited in CCPL for a cash consideration of Rs. 65.10 Crores. Post this acquisition, CCPL is a wholly owned subsidiary of the Company.

*(a) Details of purchase consideration*

| Particulars | Rs. in Crores |
|---|---|
| Consideration for additional stake | 65.10 |
| Fair value of previously held interest | 67.76 |
| **Total Purchase Consideration** | **132.86** |

*(b) The fair value of assets and liabilities recognised as a result of the acquisition are as follows:*

| Particulars | Rs. in Crores |
|---|---|
| **Assets** | |
| Property, Plant & Equipment | 164.75 |
| Capital Work in Progress | 0.04 |
| Intangible Assets | 0.33 |
| Right of use assets | 17.29 |
| Other financial assets- non current | 0.18 |
| Other non-current assets | 0.06 |
| Inventories | 15.28 |
| Trade receivables | 21.74 |
| Cash and cash equivalents | 10.42 |
| Bank balances other than above | 3.12 |
| Other Financial Assets- current | 0.03 |
| Other current assets | 3.25 |
| **Total Assets** | **236.49** |
| **Liabilities** | |
| Non- current borrowings | 51.50 |
| Lease liability- non current | 0.52 |
| Provisions- non current | 0.11 |
| Deferred tax liabilities | 8.10 |
| Current borrowings | 6.14 |
| Trade payables | 8.32 |
| Other financial liabilities | 22.15 |
| Lease liability- current | 0.19 |
| Other Current Liabilities | 3.07 |
| Provisions- Current | 0.90 |
| Current Tax Liabilities (Net) | 3.13 |
| **Total Liabilities** | **104.13** |
| **Net identifiable assets acquired** | **132.36** |

*(c) Calculation of goodwill*

| Particulars | Rs. in Crores |
|---|---|
| Consideration transferred | 132.86 |
| Add: Deferred tax liability recognised on Property, plant and equipment | 7.58 |
| Less: Net identifiable assets acquired | 132.36 |
| **Goodwill#** | **8.08** |

#Goodwill is not deductible for tax purpose

*(d) Acquired Receivables*

| Particulars | Rs. in Crores |
|---|---|
| Fair value of acquired trade receivables | 21.74 |
| Gross contractual amount for trade receivables | 21.74 |
| Contractual cash flows not expected to be collected | - |

*(e) Revenue and profit contribution*

The revenues and profits to the group for the period ended March 31, 2021 are as follows:

| Particulars | Rs. in Crores |
|---|---|
| Revenue | 8.80 |
| Profit/(Loss) before tax | (0.59) |

*(f) Acquisition costs charged to P&L*

Acquisition costs of Rs. * Crores were charged to Consolidated Statement of Profit and Loss for the period ended March 31, 2021 in relation to the acquisition of CCPL under

*(g) Purchase consideration - cash outflow*

| Particulars | Rs. in Crores |
|---|---|
| Outflow of cash to acquire subsidiary | |
| Total value for 100% stake | 132.86 |
| Less : Previously held stake | (67.76) |
| **Net outflow of cash - investing activities** | **65.10** |

* below r/off norms adopted by group

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**(iii) Acquistion of pharmaceutical business from Piramal Enterprises Limited**

The Board of Directors ('Board') of the Company at their meeting held on June 26, 2020, had approved:
a. the Purchase of the pharmaceutical business ('Pharma Business') of the Holding Company 'Piramal Enterprises Limited', held by the Holding Company directly and through its wholly owned subsidiaries., by the Company.
b. issue of such number of securities of the company, representing 20% paid up share capital of the company on a fully diluted basis to CA Clover Intermediate II Investments (now known as CA Alchemy Investments) ("Carlyle"), an affiliated entity of CAP V Mauritius Limited, an investment fund managed and advised by affiliated entities of The Carlyle Group Inc for the strategic growth investment.

This transaction was successfully closed on October 6th, 2020 on receipt of requisite approvals. As a result, the Company received Rs.3,523.40 crores as consideration towards 20% equity investment from CA Alchemy Investments.

In accordance with Appendix C to Ind AS 103, the purchase of pharma business being a common control transaction (transaction between a holding company (Piramal Enterprises Limited) and the Company), was accounted for at the carrying values and the financial information has been drawn up with effect from March 4, 2020, being the date of incorporation of the Company. The difference between the carrying value of the net assets of the Pharma Business and consideration paid had been recognised in Capital Reserve.

| **Particulars** | | | **(Rs. In Crores)** |
|---|---|---|---|
| Assets | | | |
| Non-Current Assets | | | |
| -Property, Plant & Equipment | | 2,304.27 | |
| -Capital Work in Progress | | 253.84 | |
| -Goodwill | | 835.21 | |
| -Intangible Assets | | 2,565.57 | |
| -Intangible Assets Under Development | | 220.60 | |
| -Right of Use Asset | | 82.95 | 6,262.44 |
| Financial Assets: | | | |
| -Investments | | 238.68 | |
| -Loans | | 24.44 | |
| -Other Financial Assets | | 13.42 | 276.54 |
| Deferred tax assets (Net) | | | 177.81 |
| Other Non-Current Assets | | | 32.30 |
| Current Assets | | | |
| Inventories | | 1,091.57 | |
| Financial Assets: | | | |
| -Trade Receivables | | 963.02 | |
| - Cash & Cash equivalents | | 259.65 | |
| - Bank balances other than mentioned above | | 0.07 | |
| -Other Financial Assets | | 9.93 | |
| Other Current Assets | | 373.36 | 2,697.60 |
| Total Assets | (I) | | **9,446.69** |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities: | | | |
| - Borrowings | | 1,439.48 | |
| -Other Financial Liabilities | | 0.71 | |
| -Lease Liability | | 74.26 | 1,514.45 |
| Provisions | | | 62.62 |
| Other Non-Current Liabilities | | | 170.65 |
| Current Liabilities | | | |
| Financial Liabilities: | | | |
| - Borrowings | | 1,452.10 | |
| -Trade payables | | 644.01 | |
| -Other Financial Liabilities | | 251.53 | |
| -Lease Liability | | 5.74 | |
| Other Current Liabilities | | 91.69 | |
| Provisions | | 12.94 | |
| Current Tax Liabilities (Net) | | 43.71 | 2,501.72 |
| Total Liabilities | (II) | | **4,249.44** |
| Reserves taken over | | | |
| Net value of Assets and liabilities as on March 04, 2020 (I-II) | | | 5,197.25 |
| Less : Consideration in the form of cash | | | (4,302.00) |
| Less : Consideration in the form of Share Capital issued (refer note 14) | | | (185.00) |
| Add : Securities Premium issued on shares above adjusted against capital reserve (refer note 15) | | | 174.33 |
| Less: Deferred tax liability on acquistion | | | (159.01) |
| **Capital reserve on March 4, 2020** | (A) | | **725.57** |
| Less : Cash movement (including profit for the period March 4, 2020 to October 5, 2020 of Rs. 286.57 crores) not taken over | (B) | | (326.34) |
| **Amount Credited to Capital Reserve** | **(A+B)** | | **399.23** |

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**64** The Board of Directors of the Company, at their meeting held on October 7, 2021, has inter alia, approved the composite Scheme of Arrangement under applicable provisions of the Companies Act, 2013 between the Company, Piramal Enterprises Limited ('PEL'), Convergence Chemicals Private Limited ('CCPL'), Hemmo Pharmaceuticals Private Limited ('HPPL'), PHL Fininvest Private Limited ('PFPL') and their respective shareholders and creditors ('Scheme'). The Scheme inter alia provides for the following:
(i) the transfer by way of demerger of the Demerged Undertaking (as set out in the Scheme) from the PEL to the Company,
(ii) the amalgamation of CCPL and HPPL (both being wholly owned subsidiaries of the Company) into the Company.
(iii) the amalgamation of PFPL (a wholly owned subsidiary of PEL) into PEL ('FS Amalgamation').

The Company has filed the scheme with the necessary authorities and accordingly the implementation of the scheme is subject to the necessary approvals, sanctions and consents being obtained.

**65** Previous year's figures have been regrouped/reclassified wherever necessary, to confirm to current years classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective April 01, 2021.

**66** The financial statements have been approved for issue by Company's Board of Directors on May 24, 2022.

Signature to note 1 to 66 of the Consolidated financial statements.

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

**Nandini Piramal**
Chairperson
DIN: 00286092

**Vivek Valsaraj**
Chief Financial Officer

**Tanya Sanish**
Company Secretary

Mumbai, May 24, 2022

Deloitte
Haskins & Sells LLP

Chartered Accountants
One International Centre
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# INDEPENDENT AUDITOR'S REPORT

**To The Members of Piramal Pharma Limited**
**Report on the Audit of the Consolidated Financial Statements**

## Opinion

We have audited the accompanying consolidated financial statements of Piramal Pharma Limited ("the Company"/ "the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its associate and joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the period from 4 March 2020 to 31 March 2021, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements / financial information of the subsidiaries, associate and joint venture referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the period from 4 March 2020 to 31 March 2021.

## Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraph (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Emphasis of Matter**

As more fully described in Note 2(b)(i) to the Consolidated Financial statements, to assess the recoverability of certain assets, the Group has considered internal and external information in respect of the current and estimated future global including Indian economic indicators consequent to the global health pandemic. The actual impact of the pandemic may be different from that considered in assessing the recoverability of these assets.

Our opinion is not modified in respect of this matter.

**Information Other than the Financial Statements and Auditor's Report Thereon**

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

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

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries, joint venture and associate audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, joint venture and associate, is traced from their financial statements audited by the other auditors.

- If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

**Management's Responsibility for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associate and joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associate and joint venture.

**Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Group and its associate and joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

**Other Matters**

(a) We did not audit the financial statements / financial information of 8 subsidiaries, whose financial statements / financial information reflect total assets of Rs. 7,743.94 crores as at 31st March, 2021, total revenues of Rs. 3,024.33 crores and net cash outflows amounting to Rs. 34.99 crores for the period March 04, 2020 to March 31, 2021, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

(b) We did not audit the financial statements / financial information of 10 subsidiaries, whose financial statements / financial information reflect total assets of Rs. 4,171.21 crores as at 31st March, 2021, total revenues of Rs. 404.65 crores and net cash inflows amounting to Rs. 9.01 crores for the period March 04, 2020 to March 31, 2021, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 42.54 crores for the period March 04, 2020 to March 31, 2021, as considered in the consolidated financial statements, in respect of an associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

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

**Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of the subsidiaries, referred to in the Other Matters section above we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent and its subsidiary company as on 31 March 2021 taken on record by the Board of Directors of the Parent and its subsidiary company incorporated in India, respectively, none of the directors of the Parent and its subsidiary company incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” which is based on the auditors’ reports of the Parent and a subsidiary company, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture;

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

For **Deloitte Haskins & Sells LLP**
**Chartered Accountants**
(Firm's Registration No. 117366W/W-100018)

**Rupen K. Bhatt**
**(Partner)**
(Membership No. 046930)
(UDIN: 21046930AAAACR2841)

Place: Mumbai

Date: 1 June 2021

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

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

In conjunction with our audit of the consolidated financial statements of the Company for the period from 4 March 2020 to 31 March 2021, we have audited the internal financial controls over financial reporting of Piramal Pharma Limited (hereinafter referred to as “the Parent”) and its subsidiary company which are companies incorporated in India, as of 31 March 2021.

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

The respective Board of Directors of the Parent, its subsidiary company, its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained in respect of Parent and subsidiary company, which are companies incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary company, which are companies incorporated in India.

**Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

**Opinion**

In our opinion to the best of our information and according to the explanations given to us the Parent, its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Deloitte Haskins & Sells LLP**
**Chartered Accountants**
(Firm's Registration No.117366W/W-100018)

**Rupen K. Bhatt**
**(Partner)**
(Membership No. 046930)
(UDIN: 21046930AAAACR2841)

Place: Mumbai

Date: 1 June 2021

**Piramal Pharma Limited**
**Consolidated Balance Sheet as at March 31 , 2021**

| Particulars | Note No. | | As at March 31, 2021 Rs. in Crores |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Property, Plant & Equipment | 3 | | 2,636.56 |
| (b) Capital Work in Progress | | | 399.53 |
| (c) Goodwill | 37 | | 856.47 |
| (d) Other Intangible Assets | 3 | | 2,482.28 |
| (e) Intangible Assets under development | | | 227.12 |
| (f) Right Of Use Assets | 51 | | 130.18 |
| (g) Financial Assets: | | | |
| (i) Investments | | | |
| - Investments accounted for using the equity method | 4(a) | 109.67 | |
| - Other Investments | 4(b) | 13.00 | |
| (ii) Other Financial Assets | 5 | 70.93 | 193.60 |
| (h) Deferred tax assets (Net) | 6 | | 244.12 |
| (i) Other non-current assets | 7 | | 81.22 |
| **Total Non-Current Assets** | | | **7,251.08** |
| **Current Assets** | | | |
| (a) Inventories | 8 | | 1,232.00 |
| (b) Financial Assets: | | | |
| (i) Trade receivables | 9 | 1,574.94 | |
| (ii) Cash & Cash equivalents | 10 | 384.65 | |
| (iii) Bank balances other than (ii) above | 11 | 20.97 | |
| (iv) Other Financial Assets | 12 | 112.06 | 2,092.62 |
| (c) Other Current Assets | 13 | | 324.08 |
| **Total Current Assets** | | | **3,648.70** |
| **Total Assets** | | | **10,899.78** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share capital | 14 | | 994.60 |
| (b) Share warrants | 14 | | 0.10 |
| (c) Other equity | 15 | | 4,610.30 |
| **Total Equity** | | | **5,605.00** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial Liabilities: | | | |
| (i) Borrowings | 16 | 2,339.16 | |
| (ii) Lease liability | 51 | 93.41 | 2,432.57 |
| (b) Provisions | 17 | | 6.78 |
| (c) Deferred tax liabilities (Net) | 18 | | 222.49 |
| (d) Other Non-Current Liabilities | 19 | | 142.66 |
| **Total Non-Current Liabilities** | | | **2,804.50** |
| **Current liabilities** | | | |
| (a) Financial Liabilities: | | | |
| (i) Borrowings | 20 | 360.52 | |
| (ii) Trade payables | | | |
| Total outstanding dues of Micro enterprises and small enterprises | | 28.24 | |
| Total outstanding dues of creditors other than Micro enterprises and small enterprises | | 889.70 | |
| (iii) Other Financial Liabilities | 21 | 933.38 | |
| (iv) Lease liability | 51 | 21.49 | 2,233.33 |
| (b) Other Current Liabilities | 22 | | 185.75 |
| (c) Provisions | 23 | | 31.78 |
| (d) Current Tax Liabilities (Net) | 24 | | 39.42 |
| **Total Current Liabilities** | | | **2,490.28** |
| **Total Liabilities** | | | **5,294.78** |
| **Total Equity & Liabilities** | | | **10,899.78** |

The above Consolidated Balance Sheet should be read in conjuction with the accompanying notes

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, June 01, 2021

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

**Nandini Piramal**
Director
DIN:00286092

**Rajesh Laddha**
Director
DIN:002228042

**Vivek Valsaraj**
Chief Financial Officer

**Tanya DCosta**
Company Secretary

Mumbai, May 11, 2021

**Piramal Pharma Limited**
**Consolidated Statement of Profit and Loss for the period March 04, 2020 to March 31, 2021**

| Particulars | Note No. | For the period 04/03/2020 to 31/03/2021 Rs. in Crores | |
|---|---|---|---|
| Revenue from operations | 26 | | 6,314.90 |
| Other Income (Net) | 27 | | 164.11 |
| **Total Income** | | | **6,479.01** |
| **Expenses** | | | |
| Cost of materials consumed | 28 | 1,560.22 | |
| Purchases of Stock-in-Trade | 29 | 551.63 | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 30 | (52.74) | |
| Employee benefits expense | 31 | 1,467.74 | |
| Finance costs | 32 | 163.45 | |
| Depreciation and amortization expense | 3 & 51 | 545.04 | |
| Other expenses, (Net) | 33 | 1,360.09 | |
| **Total Expenses** | | | **5,595.43** |
| **Profit before share of net profit of associates and joint ventures, exceptional items and tax** | | | **883.58** |
| Share of net profit of associates and joint ventures | 4 (a) | | 47.24 |
| **Profit after share of net profit of associates and joint ventures before exceptional items and tax** | | | **930.82** |
| Exceptional Items | 34 | | 18.23 |
| **Profit after share of net profit of associates and joint ventures, exceptional items and before tax** | | | **949.05** |
| Less: Income Tax Expense | | | |
| Current Tax | 48 | | 116.34 |
| Deferred Tax (Net) | 48 | | (2.32) |
| **Net Profit after tax** | | | **835.03** |
| **Other Comprehensive Income / (Expense) (OCI):** | 35 | | |
| **A. Items that will not be reclassified to profit or loss** | | | |
| (a) Remeasurement of Post Employment Benefit Obligations | | (3.29) | |
| Less: Income Tax Impact on above | | 0.82 | |
| | | | **(2.47)** |
| **B. Items that will be reclassified to profit or loss** | | | |
| (a) Deferred gains / (losses) on cash flow hedge | | 7.81 | |
| (c) Exchange differences on translation of financial statements of foreign operations | | 114.11 | |
| (d) Gain on bargain purchase | | 7.43 | |
| Less: Income Tax Impact on above | | (0.33) | |
| | | | **129.02** |
| **Other Comprehensive Income/(Expense), net of tax expense** | | | **126.55** |
| **Total Comprehensive Income/ (Loss) for the period, net of tax expense** | | | **961.58** |
| **Earnings Per Equity Share (Basic) (Rs.) (Face value of Rs. 10/- each)** | 41 | | 18.56 |
| **Earnings Per Equity Share (Diluted) (Rs.) (Face value of Rs. 10/- each)** | 41 | | 18.56 |

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying notes

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, June 01, 2021

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

**Nandini Piramal**
Director
DIN:00286092

**Rajesh Laddha**
Director
DIN:002228042

**Vivek Valsaraj**
Chief Financial Officer

**Tanya DCosta**
Company Secretary

Mumbai, May 11, 2021

**Piramal Pharma Limited**
**Consolidated Cash Flow Statement For The Period Ended March 31, 2021**

| | | For the period March 04, 2020 to March 31, 2021 Rs. in Crores |
|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | |
| | Profit before share of net profit of associates and joint ventures, exceptional items and tax | 883.58 |
| | Less : Profit for the period Mar 4,2020 to October 05, 2020, net off dividend from associate | (243.90) |
| | | 639.68 |
| | Adjustments for : | |
| | Depreciation and amortisation expense | 462.36 |
| | Provision written back | (1.72) |
| | Finance Costs considered separately | 163.45 |
| | Fair valuation of Financial assets | 0.86 |
| | Amortisation of grants & Other deferred income | (28.75) |
| | Gain on additional stake in Convergence | (26.31) |
| | Interest Income on Financial assets | (4.02) |
| | (Gain)/Loss on Sale of Property Plant and Equipment | (21.08) |
| | Write-down of Inventories | 36.11 |
| | Expected Credit Loss on Trade Receivables | 2.75 |
| | Unrealised foreign exchange (gain) / loss | 138.34 |
| | **Operating Profit Before Working Capital Changes** | **1,361.67** |
| | Adjustments For Changes In Working Capital : | |
| | Adjustments for (increase) / decrease in operating assets | |
| | - Trade receivables | (515.45) |
| | - Other Current Assets | (4.38) |
| | - Other Non Current Assets | (29.80) |
| | - Other Financial Assets - Non Current | (45.65) |
| | - Inventories | (89.26) |
| | - Other Financial Assets - Current | (85.27) |
| | Adjustments for increase / (decrease) in operating liabilities | |
| | - Trade Payables | 145.54 |
| | - Non - Current provisions | (30.23) |
| | - Other Current Financial Liabilities | (31.39) |
| | - Other Current Liabilities | 72.84 |
| | - Current provisions | 17.93 |
| | - Other Non-current Financial Liabilities | 4.31 |
| | - Other Non-current Liabilities | (28.77) |
| | **Cash Generated from Operations** | **742.09** |
| | - Taxes Paid (Net of Refunds) | (144.51) |
| | **Net Cash Generated from Operating Activities** | **597.58** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | |
| | Payments for Purchase of Property Plant and Equipment / Intangible Assets | (602.19) |
| | Purchase of Non Current Investments | (5.57) |
| | Interest Received | 4.02 |
| | Payment for purchase of pharma business | (3,710.00) |
| | Other Bank Balances | (17.78) |
| | Dividend received from Allergan | 49.00 |
| | Amount paid on acquisition | (197.40) |
| | **Net Cash Generated Used in Investing Activities** | **(4,479.93)** |

**Piramal Pharma Limited**
**Consolidated Cash Flow Statement For The Period Ended March 31, 2021**

| | | For the period March 04, 2020 to March 31, 2021 Rs. in Crores |
|---|---|---|
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | |
| | Proceeds from Non - Current Borrowings | |
| | - Receipts | 1,677.68 |
| | - Payments | (1,666.00) |
| | Proceeds from Current Borrowings | |
| | - Receipts | 869.08 |
| | - Payments | (1,145.96) |
| | Lease payments | |
| | - Principal | (3.79) |
| | - Interest | (4.44) |
| | Rights issue proceeds | 785.00 |
| | Receipt from issue of equity shares | 3,448.41 |
| | Finance Costs Paid | (159.00) |
| | Proceeds from Compulsorily Convertible Preference share Issue | 75.00 |
| | Mark to market gains on forward contracts taken against the inflow from equity investment from Carlyle | 100.85 |
| | **Net Cash Generated from Financing Activities** | **3,976.83** |
| | **Net Increase in Cash & Cash Equivalents [(A)+(B)+(C)]** | 94.48 |
| | **Cash and Cash Equivalents as at March 4, 2020** | 151.95 |
| | **Add: Effect of exchange fluctuation on cash and cash equivalents** | 4.22 |
| | **Add: Cash balance acquired** | 11.32 |
| | **Cash and Cash Equivalents as at March 31, 2021** | **261.97** |
| | **Cash and Cash Equivalents Comprise of :** | |
| | Cash on Hand | 0.13 |
| | Bank Overdraft | (122.67) |
| | Balance with Scheduled Banks in Current Accounts | 384.51 |
| | | **261.97** |

**Note**

On October 06, 2020, the Company issued 1,06,71,651 fully paid equity shares with face value of Rs. 10 each and carrying security premium of Rs. 163.36 per share, aggregating to Rs. 185 crore in exchange for 1,00,000 fully paid equity share of Rs. 10 each of Piramal Healthcare Inc. having a carrying value of Rs 86.44 crores, acquired pursuant to agreement for purchase of Pharma business entered into between the Company and Piramal Enterprise Limited (Refer note 52 (iii)).

The above Statement of Cash flow should be read in conjunction with the accompanying notes

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, June 01, 2021

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

**Nandini Piramal**
**Director**
**DIN:00286092**

**Rajesh Laddha**
**Director**
**DIN:002228042**

**Vivek Valsaraj**
**Chief Financial Officer**

**Tanya DCosta**
**Company Secretary**

Mumbai, May 11, 2021

**Piramal Pharma Limited**
**Consolidated Statement of Changes in Equity for the Period ended March 31, 2021**

**A. Equity Share Capital (Refer Note 14):**

| **Particulars** | **Rs. in Crores** |
|---|---|
| **At the incorporation of the Company** | 0.01 |
| Issued during the period (Refer note 52(iii)) | 994.59 |
| **Balance as at March 31, 2021** | 994.60 |

**B. Share warrants:**

| **Particulars** | |
|---|---|
| **Balance as at March 04, 2020** | - |
| Issued during the period | 0.10 |
| **Balance as at March 31, 2021** | 0.10 |

**C. Other Equity:**

(Rs. in Crores)

| Particulars | Notes | Attributable to the owners of Piramal Pharma Limited | | | | | |
|---|---|---|---|---|---|---|---|
| | | Reserves & Surplus | | | Other Items in OCI | | |
| | | Securities Premium | Capital Reserve | Retained Earnings | Foreign Currency Translation Reserve | Cash Flow Hedging Reserve | Other equity |
| **Balance as at March 04, 2020** | | - | - | - | - | - | - |
| On account of Business Combination (Refer note 52(iii)) | | - | 399.23 | - | - | - | - |
| **Adjusted balance as at March 04, 2020** | | - | **399.23** | - | - | - | **399.23** |
| Profit/ (Loss) after tax for the period | | - | - | 835.03 | - | - | 835.03 |
| Other Comprehensive Income/ (Expense), net of tax expense for the period | **15** | - | - | (2.47) | 115.71 | 5.88 | 119.12 |
| Issue of Equity Shares during the period (Refer note 52(iii)) | | 3,249.49 | - | - | | | 3,249.49 |
| Gain on bargain purchase (Refer note 52(i)) | | | 7.43 | - | | | 7.43 |
| **Balance as at March 31, 2021** | | **3,249.49** | **406.66** | **832.56** | **115.71** | **5.88** | **4,610.30** |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Rupen K. Bhatt**
Partner
Membership Number: 046930

Mumbai, June 01, 2021

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

**Nandini Piramal**
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**Vivek Valsaraj**
Chief Financial Officer

**Tanya DCosta**
Company Secretary

Mumbai, May 11, 2021

## 1. GENERAL INFORMATION

Piramal Pharma Limited (PPL) (including its subsidiaries) is one of India's largest Pharmaceuticals companies.

In Pharma, through end-to-end manufacturing capabilities across 13 global facilities and a large global distribution network to over 100 countries, The Group sells a portfolio of niche differentiated pharma products and provides an entire pool of pharma services (including in the areas of injectable, HPAPI etc.). The Company is also strengthening its presence in the Consumer Products segment in India.

PPL is a public limited Company incorporated and domiciled in India and has its registered office at Mumbai, India.

## 2a. SIGNIFICANT ACCOUNTING POLICIES

### i) Basis of preparation

**Compliance with Ind AS**

The Consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other relevant provisions of the Act.

This being the first year of operations, financial statements are prepared for the period starting from March 04, 2020 to March 31, 2021 (the period).

The Separate financial statements are presented in addition to the consolidated financial statements presented by the Group.

**Historical Cost convention**

The Consolidated financial statements have been prepared on the historical cost basis except for the following:
a) certain financial instruments and contingent consideration - measured at fair value
b) assets classified as held for sale - measured at fair value less cost to sell
c) cash settled stock appreciation rights - measured at fair value
d) plan assets of defined benefit plans, which are measured at fair value

New and amended standards adopted by the Group

The Group has applied the following amendments to Ind AS for the first time for their annual reporting period commencing April 01, 2020:

• Definition of Material – amendments to Ind AS 1 and Ind AS 8
• Definition of a Business – amendments to Ind AS 103
• COVID-19 related concessions – amendments to Ind AS 116
• Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact/ material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### ii) Principles of consolidation and equity accounting

a) **Subsidiaries:**

Subsidiaries are all entities (including Structured entities) over which the group has control. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

b) **Associates:**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost. Wherever necessary, adjustments are made to financial statements of associates to bring there accounting policies in line with those used by the other members of group.

c) **Equity method:**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of post acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates or joint ventures are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy mentioned in Note 2a (vi) below.

d) **Changes in ownership interests**

The group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the group. A change in the ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non controlling interests and any consideration paid or received is recognised within equity.

iii) **Business Combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the
- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

**Common control transactions**

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follows:

1) The assets and liabilities of the combining entities are reflected at their carrying amounts. The Group has made accounting policy choice to account investment in associates and joint venture at a carrying cost as appearing in the books of acquiree.

2) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.

3) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

4) The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

5) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

6) The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of combination. However, where the business combination had occured after that date, the prior period information is restated only from that date.

iv) (a) **Property, Plant and Equipment**

Freehold Land is carried at historical cost. All other items of Property Plant & Equipments are stated at cost of acquisition, less accumulated depreciation and accumulated impairment losses, if any. Direct costs are capitalised until the assets are ready for use and includes freight, duties, taxes and expenses incidental to acquisition and installation.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Subsequent expenditures related to an item of Property Plant & Equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company & cost can be reliably measured.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, Plant and Equipment are recognised in the Statement of Profit and Loss.

**Depreciation**

Depreciation is provided on a pro-rata basis on the straight line method ('SLM') over the estimated useful lives of the assets specified in Schedule II of the Companies Act, 2013 / estimated useful lives as determined by the management of respective subsidiaries based on technical evaluation. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The estimated useful lives of Property, Plant & Equipment are as stated below:

| Asset Class | Useful life |
|---|---|
| Buildings* | 3 years - 60 years |
| Roads | 10 years |
| Plant & Equipment | 3 - 20 years |
| Continuous Process Plant | 25 years |
| Office Equipment | 3 years - 15 years |
| Motor Vehicles | 4 - 8 years |
| Furniture & fixtures | 3 - 15 years |

*Useful life of leasehold improvements is as per lease period

(v) (a) **Intangible Assets**

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.
Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Consolidated Statement of Profit and Loss.

The research and development (R&D) cost is accounted in accordance with Ind AS - 38 'Intangibles'.

**Research**

Research costs, including patent filing charges, technical know-how fees, testing charges on animal and expenses incurred on development of a molecule till the stage of Pre-clinical studies and till the receipt of regulatory approval for commencing phase I trials are treated as revenue expenses and charged off to the Statement of Profit and Loss of respective year.

**Development**

Development costs relating to design and testing of new or improved materials, products or processes are recognized as intangible assets and are carried forward under Intangible Assets under Development until the completion of the project when they are capitalised as Intangible assets, if the following conditions are satisfied:

- It is technically feasible to complete the asset so that it will be available for use;
- Management intends to complete the asset and use or sell it;
- There is an ability to use or sell the asset;
- It can be demonstrated how the asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- The expenditure attributable to the asset during its development can be reliably measured.

Intangible Assets with finite useful lives are amortized on a straight line basis over the following period:

| Asset Class | Useful life |
|---|---|
| Brands and Trademarks | 5 - 25 years |
| Copyrights, Know-how (including qualifying Product Development Cost) and Intellectual property rights | 4 - 25 years |
| Computer Software | 2 - 9 years |
| Customer relationships | 8 - 14 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Certain trademarks are assessed as Intangible Assets with indefinite useful lives.

(v) (b) **Goodwill**

Goodwill on acquisition is included in intangible assets. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Goodwill is carried at cost less accumulated impairment losses.

vi) **Impairment of Assets**

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. For the purposes of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Consolidated Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists or may have decreased, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

vii) **Financial instruments**

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Investments and Other Financial assets**

Classification:
The Group classifies its financial assets in the following measurement categories:
• those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
• those measured at amortised cost.
The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**Amortised cost:**
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. Subsequently, these are measured at amortised cost using the Effective Interest Method less any impairment losses.

**Fair value through profit or loss (FVTPL):**
Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established.
Changes in the fair value of financial assets at fair value through profit or loss are recognised in the consolidated statement of profit and loss.

Impairment of financial assets
The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss ("ECL") allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets
A financial asset is derecognised only when:
• The Group has transferred the rights to receive cash flows from the financial asset or
• retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Foreign exchange gains and losses
The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

**Financial liabilities and equity instruments**
Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.
Compulsorily Convertible Preference Shares

Compulsorily Convertible Preference Shares are classified as a financial liability measured at amortised cost until it is extinguished on conversion.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Group does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and are subsequently measured at the higher of:
• the amount of the loss allowance determined in accordance with Ind AS 109; and
• the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

**Derivatives and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedges that qualify for hedge accounting:
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

(ii) Derivatives that are not designated as hedges:
The group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

**Offsetting Financial Instruments**

Financial Assets and Liabilities are offset and the net amount is reflected in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or counterparty.

viii) **Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

ix) **Inventories**

Inventories comprise of Raw and Packing Materials, Work in Progress, Finished Goods (Manufactured and Traded) and Stores and Spares. Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on Weighted Average basis. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. The cost of Work-in-progress and Finished Goods comprises of materials, direct labour, other direct costs and related production overheads and Excise duty as applicable.
Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

x) **Employee Benefits**

**(i) Short-term obligations**
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long-term employee benefit obligations**
The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.
The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.
Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

**(iii) Post-employment obligations**
The Group operates the following post-employment schemes:
- Defined Contribution plans such as provident fund, superannuation, pension, employee state insurance scheme and other social security schemes in overseas jurisdictions
- Defined Benefit plans such as provident fund and Gratuity, Pension fund (in case of a subsidiary)

In case of Provident fund, contributions are made to a Trust administered by the Group, except in case of certain employees, where the Contributions are made to the Regional Provident Fund Office.

**Defined Contribution Plans**
The Group's contribution to provident fund (in case of contributions to the Regional Provident Fund office), pension and employee state insurance scheme and other social security schemes in overseas jurisdictions are considered as defined contribution plans, as the Group does not carry any further obligations apart from the contributions made on a monthly basis and are charged as an expense based on the amount of contribution required to be made.

In case of 401(k) contribution plan (in case of US subsidiaries), contribution by the Group is discretionary. Any contribution made is charged to the Statement of Profit and Loss.

**Defined Benefit Plan**
The liability or asset recognised in the balance sheet in respect of defined benefit provident and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Except in case of an overseas subsidiary, the present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.
In case of an overseas subsidiary, where pension is classified as a Defined Benefit Scheme, assets are measured using market values and liabilities are measured using a Projected Unit Credit method and discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which benefits will be paid, and that have terms approximating to the terms of the related obligation. Shortfall, if any, is provided for in the financial statements.

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets (excluding interest income) are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.
Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Bonus Plans - The Group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

xi) **Provisions and Contingent Liabilities**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

xii) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

**Sale of goods:** Revenue from the sale of goods is recognised when the Group transfers Control of the product. Control of the product transfers upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the Group has not retained any significant risks of ownership or future obligations with respect to the product shipped. Amounts disclosed as revenue are net off returns, trade allowances, rebates and indirect taxes.

**Sale of Services:** In contracts involving the rendering of services/development contracts, revenue is recognised at the point in time in which services are rendered. Advisory fees are accounted on an accrual basis in accordance with the Investment Management Agreement and Advisory Services Agreement.

In case of fixed price contracts, the customer pays a fixed amount based on the payment schedule and the Group recognises revenue on the basis of input method. If the services rendered by the Group exceed the payment, a Contract asset (Unbilled Revenue) is recognised. If the payments exceed the services rendered, a contract liability (Deferred Revenue/Advance from Customers) is recognised.

If the contracts involve time-based billing, revenue is recognised in the amount to which the Group has a right to invoice.

xiii) **Foreign Currency Transactions**

In preparing the financial statements of each individual Company entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations that have a functional currency other than presentation currency i.e. Indian Rupees are translated using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and held in foreign currency translation reserve (FCTR), a component of equity, except to the extent that the translation difference is allocated to non-controlling interest. When a foreign operation is disposed off, the relevant amount recognized in FCTR is transferred to the statement of income as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

Foreign currency differences arising from translation of intercompany receivables or payables relating to foreign operations, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of net investment in foreign operation and are recognized in FCTR.

xiv) **Exceptional Items**

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

xv) **Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented within other income.

xvi) **Leases**

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

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The following is the summary of practical expedients elected on initial application:
1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

xvii) **Taxes on Income**
Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

xviii) **Cash and Cash Equivalents**
In the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

xix) **Borrowing Costs**
General and specific borrowing costs directly attributable to acquisition or construction of qualifying assets (i.e. those Property, Plant & Equipments which necessarily take a substantial period of time to get ready for their intended use) are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

xx) **Segment Reporting**
The Group is operating in single reportable segment of 'Pharma' in terms of Ind AS 108.

xxi) **Standards issued but not yet effective**
Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

xxii) **Dividends**
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xxiii) **Share appreciation rights**
Liabilities for the group's share appreciation rights are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as employee benefit obligations in the balance sheet.

xxiv) **Rounding of amounts**
All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

## 2b. Critical accounting judgements and key sources of estimation uncertainties

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

i) **Estimation of uncertainty relating to COVID-19 global health pandemic:**
In assessing the recoverability of receivables, intangible assets and deferred tax assets, the Group has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these Consolidated financial statements. The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the carrying amount of these assets represent the Group's best estimate of the recoverable amounts. As a result of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Group will continue to monitor any changes to the future economic conditions. Also refer note 3, 9, 37, 45 (a), 50.

ii) **Fair Valuation:**
Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset and liability, the Group uses market observable data to the extent it is available. When Level 1 inputs are not available, the Group engages third party qualified external valuers to establish the appropriate valuation techniques and inputs to the valuation model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 50.

iii) **Impairment of Goodwill (Refer Note 37)**
Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. The recoverable amount is higher of the Value-in-Use and Fair Value Less Cost To Sell (FVLCTS). The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

iv) **Deferred Taxes**
Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Group considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

v) **Functional Currency (Refer Note 45(c))**
Functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operate. The Group assesses the factors as per Ind AS 21 in determining the functional currency of the Company and its subsidiaries. If there is any change in underlying transactions, events and conditions in the Company or its subsidiary, the Group reassesses the functional currency.

vi) **Assessment of Significant influence (Refer Note 36 (c))**
Irrespective of the voting rights in an entity, if the Company has a right to appoint Directors or participates in all significant financial and operating decisions of an investee, there is an existence of significant influence and the investment is considered as an Associate.

**Piramal Pharma Limited**
**Notes to the Consolidated financial statements for the period ended March 31, 2021**

**3. Property Plant & Equipment and Intangible assets**

(Rs. In crores)

| Particulars | GROSS BLOCK | | | | | | ACCUMULATED DEPRECIATION | | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balances Acquired as at March 04, 2020 refer note 52(iii) | Acquisition refer note 52(i) &(ii) | Additions | Deductions/ Adjustments | Exchange/ Difference | As at 31/03/2021 (A) | Balances Acquired as at March 04, 2020 refer note 52(iii) | For the period # | Deductions/ Adjustments | Exchange /Difference | As at 31/03/2021 (B) | As at 31/03/2021 (A)-(B) |
| **Property, Plant & Equipment** | | | | | | | | | | | | |
| Land Freehold @ | 106.85 | 18.38 | - | (0.43) | 3.56 | 128.36 | 2.09 | 0.23 | - | (1.14) | 1.18 | 127.18 |
| Building @ | 925.27 | 99.45 | 17.11 | (15.08) | (5.92) | 1,020.83 | 95.60 | 33.36 | (6.63) | (6.63) | 115.70 | 905.13 |
| Roads | 2.08 | - | - | - | 1.56 | 3.64 | 0.63 | 0.24 | - | 1.09 | 1.96 | 1.68 |
| Plant & Equipment | 2,130.83 | 166.62 | 320.02 | (34.69) | 15.65 | 2,598.43 | 810.01 | 255.23 | (19.45) | (8.72) | 1,037.07 | 1,561.36 |
| Furniture & fixtures | 61.63 | 0.57 | 4.94 | (1.70) | (7.04) | 58.40 | 28.74 | 7.83 | (1.21) | (6.45) | 28.91 | 29.49 |
| Office Equipment | 26.23 | 0.33 | 3.06 | (2.71) | 0.28 | 27.19 | 12.67 | 4.78 | (1.50) | 0.20 | 16.15 | 11.04 |
| Motor Vehicles | 1.57 | - | 0.02 | (0.30) | (0.01) | 1.28 | 0.45 | 0.20 | (0.04) | (0.01) | 0.60 | 0.68 |
| **Total ( I )** | 3,254.46 | 285.35 | 345.15 | (54.91) | 8.08 | 3,838.13 | 950.19 | 301.87 | (28.83) | (21.66) | 1,201.57 | 2,636.56 |
| **Intangible Assets ( Acquired )** | | | | | | | | | | | - | |
| Customer relations* | 105.98 | - | - | - | 20.77 | 126.75 | 13.49 | 11.09 | - | 20.47 | 45.05 | 81.70 |
| Product related Intangibles - Brands and Trademarks*+ | 2,545.90 | - | - | - | 126.14 | 2,672.04 | 383.73 | 157.68 | - | 68.09 | 609.50 | 2,062.54 |
| Product related Intangibles - Copyrights,Knowhow and Intellectual property rights* | 261.96 | - | 3.16 | - | 30.87 | 295.99 | 31.47 | 17.52 | - | 61.05 | 110.04 | 185.95 |
| Computer Software | 59.54 | 10.16 | 18.06 | (0.87) | 2.55 | 89.44 | 36.63 | 14.01 | (0.87) | 0.11 | 49.88 | 39.56 |
| **Intangible Assets (Internally Generated)** | - | - | - | - | - | - | - | - | - | - | - | - |
| Product Know-how | 67.20 | - | 73.53 | (2.32) | 5.27 | 143.68 | 9.69 | 22.30 | (1.04) | 0.20 | 31.15 | 112.53 |
| **Total ( II )** | 3,040.58 | 10.16 | 94.75 | (3.19) | 185.60 | 3,327.90 | 475.01 | 222.60 | (1.91) | 149.92 | 845.62 | 2,482.28 |
| **Grand Total ( I + II )** | 6,295.04 | 295.51 | 439.90 | (58.10) | 193.68 | 7,166.03 | 1,425.20 | 524.47 | (30.74) | 128.26 | 2,047.19 | 5,118.84 |

*Material Intangible Assets as on March 31, 2021

| Asset Class | Asset Description | Carrying Value as at March 31, 2021 | Remaining useful life as on March 31, 2021 |
|---|---|---|---|
| Product-related Intangibles - Brands and Trademarks | Brands and trademarks | 293.46 | 3 years to 12 years |
| Product-related Intangibles - Brands and Trademarks | Purchased Brands | 1,738.77 | 17-22 years |
| Customer Relations | Purchased Brands | 47.52 | 7 years |
| Product-related Intangibles - Copyrights, Knowhow and Intellectual property rights | Purchased Brands | 169.68 | 7 years |

\# Depreciation for the period includes depreciation amounting to Rs. 9.12 Crores on assets used for Research and Development locations at Ennore and Mumbai.
\+ Certain Brands are in the process of being registered in the name of the Company, for which the necessary application has been made with trade mark registry.
@ Certain land and buildings were acquired, pursuant to Business transfer agreement between the Company and Piramal Enterprises Limited (Refer note 52(iii).Company is in the process of transferring title deeds in it's name.
Refer note 25 for the contractual capital commitments for purchase of Property, Plant & Equipment

Considering internal and external sources of information, the Group has evaluated at the end of the reporting period, whether there is any indication that any intangible asset may be impaired. Where such indication exists, the Group has estimated the recoverable amount of the intangible assets based on 'value in use' method. The financial projections on the basis of which the future cash flows have been estimated consider (a) an increase in economic uncertainties due to COVID-19, (b) reassessment of the discount rates, (c) revisiting the growth rates factored while arriving at terminal value, and these variables have been subjected to a sensitivity analysis. The carrying amount of the intangible assets represent the Group's best estimate of the recoverable amounts.

**Piramal Pharma Limited**
**Notes to the Consolidated financial statements for the period ended March 31, 2021**

## 4 (a) Investments accounted for using the equity method

| Particulars | As at March 31, 2021 | |
|---|---|---|
| | Quantity | (Rs. in crores) |
| **Investments in Equity Instruments:** | | |
| **A. In Joint Ventures (Unquoted) - At Cost:** | | |
| i. Convergence Chemicals Private Limited | | |
| Interest as at March 04, 2020 | 35,705,100 | 36.75 |
| Add - Share of profit for the period | | 15.40 |
| Less - Share of unrealised profit on closing stock | | (10.70) |
| Add - Share of other comprehensive income for the period | | * |
| Less- De-recognised on conversion (Refer note 52(ii)) | | (41.45) |
| | | **0.00** |
| **Total (A)** | | **0.00** |
| **B. In Associates :** | | |
| **I Unquoted - At Cost:** | | |
| i. Allergan India Private Limited | | |
| Interest as at March 04, 2020 | 3,920,000 | 191.67 |
| Add - Share of profit for the period | | 42.54 |
| Add - Share of other comprehensive income for the period | | * |
| Less - Dividend received | | (124.54) |
| | | **109.67** |
| **Total (B)** | | **109.67** |
| **Total equity accounted investments ( A+B)** | | **109.67** |

| | |
|---|---|
| **Aggregate market value of quoted investments** | - |
| **Aggregate carrying value of quoted investments** | - |
| **Aggregate carrying value of unquoted investments** | 109.67 |
| **Aggregate amount of impairment in value of investments** | - |

* below rounding off norms adopted by the Group

## 4 (b) Investments

**Non-Current Investments:**

| Particulars | As at March 31, 2021 (Rs. in crores) |
|---|---|
| **Investments in Equity Instruments (fully paid-up)** | |
| Other Bodies Corporate | |
| Unquoted - At FVTPL: | 13.00 |

**Piramal Pharma Limited**
**Notes to the Consolidated financial statements for the period ended March 31, 2021**

| Particulars | (Rs. In crores) As at March 31, 2021 |
|---|---|
| **5 Other Financial Assets - Non- Current** | |
| Unbilled revenue # | 58.18 |
| Security Deposits. | 12.75 |
| **Total** | **70.93** |

# Classified as financial asset as right to consideration is unconditional upon passage of time.

| | |
|---|---|
| **6 Deferred Tax Assets (Net)** | |
| **(a) Deferred tax assets on account of temporary differences** | |
| - Unused tax credits / losses | 221.05 |
| - Property, Plant and Equipment and Intangible assets | 6.45 |
| - Unrealised profit margin on inventory | 20.65 |
| - Other temporary differences | 1.34 |
| | **249.49** |
| **(b) Deferred tax liabilities on account of temporary differences** | |
| - Other temporary differences | 5.37 |
| | **5.37** |
| **Total (a-b)** | **244.12** |

Deferred Tax Assets and Deferred Tax Liabilities of the respective entities have been offset as they relate to the same governing taxation laws.
Refer Note 48 for movements during the period.

| | |
|---|---|
| **7 Other Non Current Assets** | |
| Advance Tax [Net of Provision of Rs. NIL at March 31, 2021] | 14.78 |
| Advances recoverable. | 48.58 |
| Prepayments. | 0.04 |
| Capital Advances | 17.82 |
| | **81.22** |

| | |
|---|---|
| **8 Inventories** | |
| Raw and Packing Materials [includes in Transit of Rs. 0.24 Crores as on March 31, 2021] | 448.73 |
| Work-in-Progress | 318.13 |
| Finished Goods | 132.54 |
| Stock-in-trade [includes in Transit of Rs. 3.84 Crores as on March 31, 2021] | 254.38 |
| Stores and Spares | 78.22 |
| | **1,232.00** |

1. Refer Note 40 for the inventories hypothecated as security against borrowings.
2. The cost of inventories recognised as an expense during the period was Rs. 2,158.97 crores
3. The cost of inventories recognised as an expense includes a charge of Rs. 0.37 Crores in respect of write downs of inventory to net realisable value and a charge of Rs. 35.74 Crores in respect of provisions for slow moving/non moving/expired/near expiry products.
4. Refer Note 2(a)(ix) for policy for valuation of inventories.

| | |
|---|---|
| **9 Trade Receivables** | |
| (a) Unsecured- Considered Good | 1,581.17 |
| Less: Expected Credit Loss on (a) | (1.73) |
| (b) Unsecured- Considered Doubtful | 41.09 |
| Less: Expected Credit Loss on (b) | (45.59) |
| | **1,574.94** |

The credit period on sale of goods ranges from 7 to 150 days.

The Group has a documented Credit Risk Management Policy for its Pharmaceuticals Manufacturing and Services business. For every new customer (except established large pharma companies), the group performs a credit rating check using an external credit agency. If a customer clears the credit rating check, the credit limit for that customer is derived using internally documented scoring systems. The credit limits for all the customers are reviewed on an ongoing basis.

The Group has used a practical expedient by computing the expected credit loss allowance for External Trade Receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience, adjusted for forward looking information including the likelihood of increased credit risk considering emerging situations due to COVID-19. Based on external sources of information the group has concluded that the carrying amount of the trade receivables represent the Group's best estimate of the recoverable amounts'. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as under:

Piramal Pharma Limited
Notes to the Consolidated financial statements for the period ended March 31, 2021

| Particulars | (Rs. In crores) As at March 31, 2021 |
|---|---|

| Ageing - Pharmaceuticals Manufacturing and Services business | Expected credit loss (%) - For external customers |
|---|---|
| Less than 365 days | 0.30% |
| More than 365 days | 100.00% |

| Ageing | Expected credit loss |
|---|---|
| | As at March 31, 2021 |
| Within due date | 4.90 |
| After Due date | 42.42 |

| Ageing of receivables | As at March 31, 2021 |
|---|---|
| Less than 365 days | 1584.94 |
| More than 365 days | 37.32 |
| **Total** | **1,622.26** |

**Movement in Expected Credit Loss Allowance:**

| Particulars | Period ended March 31, 2021 |
|---|---|
| Balance acquired as at March 04, 2020 (Refer note 52(iii)) | 35.28 |
| Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | 12.35 |
| Less: Bad debts written off | (0.15) |
| Add: Effect of translation differences | (0.16) |
| **Balance at the end of the period** | **47.32** |

Refer Note 40 for the receivables hypothecated as security against borrowings.

**10 Cash & Cash equivalents**

| | |
|---|---|
| Balance with Banks | |
| -Current Account | 384.52 |
| Cash on Hand | 0.13 |
| | **384.65** |

**11 Bank balances other than (10) above**

| | |
|---|---|
| Earmarked balances with banks | |
| - Others | 12.23 |
| Margin Money | 5.62 |
| Deposit Account more than 3 months original maturity but less than 12 months | 3.12 |
| | **20.97** |

**12 Other current financial assets**

| | |
|---|---|
| Security Deposits | 4.87 |
| Derivative Financial Assets | 17.07 |
| Other Receivable from related parties | 40.21 |
| Unbilled revenues # | 33.18 |
| Interest Accrued | 0.16 |
| Others* | 16.58 |
| | **112.07** |

# Classified as financial asset as right to consideration is unconditional upon passage of time.
*Mainly includes insurance claim of Rs. 6.42 Crores toward fire at ennore plant

**13 Other Currents assets**

| | |
|---|---|
| Advances | |
| Unsecured and Considered Good | 87.50 |
| Prepayments | 62.66 |
| Balance with Government Authorities | 169.59 |
| Claims Receivable | 4.33 |
| | **324.08** |

| Particulars | As at March 31, 2021 Rs. in Crores |
|---|---|

**Equity**

## 14 Equity Share Capital

| | |
|---|---|
| **Authorised Share Capital** | |
| 150,00,00,000 equity shares of Rs. 10 each | 1,500.00 |
| 10,00,00,000 compulsorily convertible preference shares of Rs. 10 each | 100.00 |
| | **1,600.00** |
| **Issued, Subscribed & Paid Up Capital** | |
| 99,46,02,064 equity shares of face value of Rs. 10 each fully paid. | 994.60 |
| | **994.60** |

(i) **Movement in Equity Share Capital**

| Particulars | As at March 31, 2021 No. of shares | Rs. in Crores |
|---|---|---|
| At the incorporation of the Company | 10,000 | 0.01 |
| Add: Issued during the period | | |
| Rights Issue - Piramal Enterprises Limited | 785,000,000 | 785.00 |
| Preferential Issue - Piramal Enterprises Limited | 10,671,651 | 10.67 |
| Preferential Issue - CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) | 198,920,413 | 198.92 |
| **At the end of the period** | **994,602,064** | **994.60** |

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

| Particulars | As at March 31, 2021 No. of shares | % Holding |
|---|---|---|
| Piramal Enterprises Limited | 795,681,651 | 80.00% |
| CA Alchemy Investments (erstwhile CA Clover Intermediate II Investments) | 198,920,413 | 20.00% |

(iii) **Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the balance sheet date:**

| Particulars | Financial Year | No. of shares |
|---|---|---|
| Allotment of equity shares of face value Rs. 10 each fully paid-up in lieu of transfer of stake held by Piramal Enterprises Limited in Piramal Healthcare Inc. to the Company | 2020-21 | 10,671,651 |

(iv) **Terms and Rights attached to equity shares**

Equity Shares:
The Company has one class of equity shares having a face value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend if declared 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.

(v) **Share Warrants:**

| | Rs. in Crores |
|---|---|
| **Balance as at March 04, 2020** | - |
| Issued during the period (10,00,00,000 share warrants having face value Rs. 10/- each were issued to Piramal Enterprises Limited) | 0.10 |
| **Balance as at March 31, 2021** | **0.10** |

10,00,00,000 share warrants having face value Rs. 10/- each were issued to Piramal Enterprises Limited
An amount equivalent to 0.1% of the warrant price was paid at the time of subscription by warrant holder and the balance 99.99% of the warrant price shall be payable by the warrant holder against each warrant at the time of allotment of equity shares pursuant to exercise of the option attached to the warrants to subscribe to equity shares. The exercise price is higher than Rs. 10 or such price as agreed between Piramal Enterprises Limited and the Company.
The Warrants shall not be exercisable prior to the October 6, 2021. All Warrants that are not converted into Equity Shares on October 6, 2021 shall lapse. Each Warrant will convert to 1 Equity Share.

(vi) Refer note 20 for Compulsory Convertible Preference Shares

## 15 Other Equity

| | Rs. in Crores |
|---|---|
| Capital Reserve (Refer note 52(i) & 52(iii)) | 406.66 |
| Securities premium | 3,249.49 |
| Securities Premium is on account of issue of equity shares. The reserve will utilised in accordance with the provision of the Companies Act, 2013. | |
| Retained Earnings | 832.56 |
| Foreign Currency Translation Reserve | 115.71 |
| Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. | |
| Cash Flow Hedging Reserve | 5.88 |
| The Group uses hedging instruments as part of its management of foreign currency risk associated with its Foreign Currency Non-repatriable loans and for forecasted sales. Amounts recognised in cash flow hedging reserve is reclassified to Statement of Profit and Loss when the hedged items affect the statement of Profit and Loss. To the extent these hedges are effective, the change in the fair value of hedging instrument is recognised in the Cash Flow Hedging Reserve. (Refer Note 45(d)) | |
| | **4,610.30** |

Refer Statement of Changes in Equity for movement in reserves.

**Piramal Pharma Limited**
**Notes to the Consolidated financial statements for the period ended March 31, 2021**

| Particulars | As at March 31, 2021 Rs. in Crores |
|---|---|
| **16 Non-Current Borrowings** | |
| Secured - at amortized cost | |
| Term Loan From Banks | |
| Rupee Loans | 34.77 |
| Others | 2,304.39 |
| | **2,339.16** |

**Terms of repayment, nature of security & rate of interest in case of Secured Loans:**
**A. Secured Term Loans from Banks #** (Rs. In Crores)

| Nature of Security | Terms of repayment | Principal Outstanding as at March 31, 2021 |
|---|---|---|
| JP Morgan Term Loan - All the assets (except carved out vaporizers financed through PNC Bank and City National Bank of Florida) of the Company are collateralized against the Term Loan from JP Morgan Chase Bank. | Repayment in 20 quarterly instalments from Sept 2019 with lump payment at end of 5 years. Option to renew another 5 years. | 837.07 |
| PNC Term Loan - vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from June 2019 | 19.13 |
| City National Bank Florida Term Loan - vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Aug 2019 | 13.68 |
| Fifth Third Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Jun 2020 | 6.78 |
| Fifth Third Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Sep 2020 | 9.00 |
| Fifth Third Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Sep 2020 | 15.23 |
| Fifth Third Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Nov 2020 | 30.45 |
| Fifth Third Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Jan 2021 | 17.67 |
| Fifth Third Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Feb 2021 | 13.72 |
| Citizens Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Feb 2021 | 7.00 |
| Citizens Bank Term Loan- vaporizers carved out of JP Morgan Chase Term Loan | Repayment in 60 monthly installments from Apr 2021 | 10.45 |
| Corporate Guarantee by PEL and First ranking security over assets of Piramal Dutch Holdings NV to ensure asset coverage ratio of 1.05x | Repayable in 14 structured instalments after moratorium of 18 months from the first draw down date | 511.81 |
| PCCUK-Charge on brands acquired on exclusive basis | Repayable in 13 quarterly instalments of $ 5.29 Mn starting March 2022, followed by a lumpsum payment of $ 46.23 Mn in June 2025 | 840.80 |
| Corporate Guarantee by PEL and First ranking security over assets of PEL Pharma to ensure asset coverage ratio of 1.05x | Repayable in 14 structured instalments after moratorium of 18 months from the first draw down date | 292.46 |
| First charge on all moveable and immoveable fixed assets, present and future of the Company.# | Repayable in 20 Quaterly instalments from Feb 2019 | 54.45 |

The coupon rate for the above loans are in the range of 2.79% [LIBOR+2.60%] to 7.65 % per annum
Refer Note 40 for assets hypothecated/mortgaged as securities against the Secured Borrowings
# Creation of charges in respect of certain loans are still in process

| | |
|---|---|
| **17 NON-CURRENT PROVISIONS** | |
| Provision for employee benefits (Refer note 38) | 6.70 |
| Provision for Onerous contracts * | 0.08 |
| | **6.78** |

* Refer Note 46 for movement during the period

| | | |
|---|---|---|
| **18 Deferred tax liabilities (Net)** | | |
| **(a) Deferred Tax Assets on account of temporary differences** | | |
| - Unused tax credits / losses | 18.83 | |
| - Expenses that are allowed on payment basis | 15.05 | |
| - Remeasurement of defined benefit obligation | 0.82 | |
| - Recognition of lease rent expense | 0.07 | |
| - Expected Credit Loss on Trade Receivables | 0.24 | |
| - Other temporary differences | 0.05 | 35.06 |
| **(b) Deferred Tax Liabilities on account of temporary differences** | | |
| - Property, Plant and Equipment and Intangible assets | 252.96 | |
| - Fair value measurement of derivative contracts | 4.30 | |
| -Measurement of financial liabilities at amortised cost | 0.14 | |
| - Other temporary differences | 0.15 | 257.55 |
| **Deferred Tax Liabilities (Net)** | | **222.49** |

| | Particulars | As at March 31, 2021 Rs. in Crores |
|---|---|---|
| **19** | **Other Non-Current Liabilities** | |
| | Deferred Government grant related to assets | 1.95 |
| | Other grants related to assets | 107.17 |
| | Deferred Revenue | 33.54 |
| | | **142.66** |
| **20** | **Current Borrowings** | |
| | **Secured - at amortised cost** | |
| | Loans from banks | |
| | - Working Capital Demand Loan | 84.87 |
| | - Overdraft with banks (including PCFC) | 173.88 |
| | **Unsecured - at amortised cost** | |
| | Loans from banks | |
| | Rupee Loans | |
| | - Repayable on demand | 14.70 |
| | Compulsory Convertible Preference Shares (CCPS) at Rs. 10 each @ | 75.00 |
| | Loans from Related Parties | 3.08 |
| | Overdraft with banks | 8.99 |
| | | **360.52** |

| Description of loan | Terms of repayment | Rate of Interest |
|---|---|---|
| **Secured Loans:** | | |
| Working capital Demand Loan | At Call | 1.47% to 5.55% per annum |
| Overdraft with banks | At Call | 2.1% per annum |
| Others (PCFC) | At Call | 0.74% per annum |
| | | |
| **Unsecured Loans:** | | |
| Loans from Banks (Repayable on demand) | At Call | 2.6% to 4.25% per annum |
| Compulsory Convertible Preference Shares | By October 6, 2021 | |

**(Rs. In crores)**

| Nature of Security | Terms of repayment | Principal Outstanding as at March 31, 2021 |
|---|---|---|
| JP Morgan Revolver Facility - All the assets (except carved out vaporizers financed through PNC Bank, City National Bank, Fifth Third Bank and Citizen Bank of Florida and intangibles acquired from fellow subsidiary) of the Company are collateralized against the WCDL from JP Morgan Chase Bank. | As we determine. 5 year term with renewable 5 year option | 51.27 |
| secured by first pari-passu charge over entire current assets of the Company, both present and future | At Call | 30.00 |
| First charge (Hypothecation) on Current assets and Second charge (hypothecation) on movable fixed assets. Also, Corporate guarantee given by Piramal Enterprises Limited and Navin Fluorine International Limited in the share of 51:49, respectively. | On the due date of receipt against export bill discounted, ie. 14-05-21 | 2.92 |
| secured by first pari-passu charge over entire current assets of the Company, both present and future | At Call | 60.02 |

Refer Note 40 for assets hypothecated/mortgaged as securities against the Secured Borrowings

@ CCPS shall compulsorily and mandatorily be converted into Equity Shares on October 6, 2021. Conversion price for CCPS shall be above the price determined in accordance with the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended from time to time.
Dividend @ 0.00001% shall be payable to the Investor at the end of the 15 month period from the date of issuance i.e. October 06, 2020.
Investor shall not have voting rights in respect of CCPS until the CCPS are fully converted.

| | | |
|---|---|---|
| **21** | **Other Financial Liabilities** | |
| | Current maturities of long-term debt | 210.51 |
| | Payable to related parties | 0.22 |
| | Employee related liabilities. | 125.55 |
| | Capital Creditors | 2.25 |
| | Retention money | 0.25 |
| | Security Deposits Received | 2.60 |
| | Other payables (Holding Company) (Refer note 39) | 592.00 |
| | | **933.38** |
| **22** | **Other Current Liabilities** | |
| | Advance From Customers | 71.78 |
| | Deferred Revenue | 47.46 |
| | Deferred Government grant related to assets | 0.25 |
| | Statutory Dues | 36.94 |
| | Other grants related to assets | 29.32 |
| | | **185.75** |
| **23** | **CURRENT PROVISIONS** | |
| | Provision for employee benefits (Refer note 38) | 31.78 |
| | | **31.78** |
| **24** | **Current Tax Liabilities (Net)** | |
| | Provision for Income Tax (Net of advance Tax of Rs.100.41 Crores) | 39.42 |
| | | **39.42** |

| | As at March 31, 2021 Rs. in Crores |
|---|---|
| **25 CONTINGENT LIABILITIES AND COMMITMENTS** | |
| **A Contingent liabilities:** | |
| **1 Claims against the Group not acknowledged as debts:** | |
| Indemnity given to Navin Fluorine International Limited in relation to service tax matter where company is in appeal | 1.79 |
| **2 Others:** | |
| i. Appeals filed in respect of disputed demands: | |
| Sales Tax | 1.06 |
| Central / State Excise / Service Tax / Customs | 13.38 |
| Labour Matters | 1.10 |
| Stamp Duty | 9.37 |
| Claim by third party against the company not acknowledge as debt | 3.00 |
| Note: Future cash outflows in respect of above are determinable only on receipt of judgments/decisions pending with various forums/authorities. | |
| ii. Unexpired Letters of Credit | 0.28 |
| **B Commitments:** | |
| a. Estimated amount of contracts remaining to be executed on capital account and not provided for | 160.61 |
| b. The Company has imported raw materials at concessional rates, under the Advance License Scheme of the Government of India, to fulfil conditions related to quantified exports in stipulated period | 12.96 |

**Piramal Pharma Limited**
**Notes to the Consolidated financial statements for the period March 04,2020 to March 31, 2021**

| Particulars | For the period 04/03/2020 to 31/03/2021 Rs. in Crores | |
|---|---|---|
| **26 Revenue From Operations** | | |
| **A. Revenue from contract with customers** | | |
| Sale of products | 5,369.66 | |
| Sale of Services | 900.62 | 6,270.28 |
| Other operating revenues: | | |
| Miscellaneous income * | 44.62 | 44.62 |
| **Total** | | **6,314.90** |

* Includes insurance claim of Rs. 5.39 Crores in respect of ennore fire.

**Disaggregate revenue information**
The table below presents disaggregated revenues from contracts with customers by major product and timing of transfer of goods or services . The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cashflows are affected by industry, market and other economic factors.

**For the period ended March 31, 2021:**

**Rs. in Crores**

| Revenue by product line/ timing of transfer of goods/ services | For the period from March 04, 2020 to March 31, 2021 | |
|---|---|---|
| | **At point in time** | **Over time** |
| Global Pharma | 5,086.52 | 656.56 |
| Over the counter products | 527.20 | - |
| **Total** | **5,613.72** | **656.56** |

**Reconciliation of revenue recognised with contract price:**

**Rs. in Crores**

| Particulars | Period Ended March 31,2020 |
|---|---|
| Sale of products and services at transaction price | 6,958.64 |
| Less: Discounts | (688.36) |
| **Revenue recognised on sale of products and services** | **6,270.28** |

**27 Other Income (NET)**

| | |
|---|---|
| Interest Income on Financial Assets (at amortized costs) | |
| - Loans and Bank Deposits at amortised costs | 4.02 |
| Other Gains & Losses: | |
| - Gain on acquistion of subsidiary | 26.31 |
| - Gain on Sale of Property, Plant and Equipment | 1.14 |
| - Exchange Gain (Net) | 61.27 |
| Rent Received | 2.19 |
| Miscellaneous Revenue | 62.44 |
| Write back of provision no longer required | 6.74 |
| **Total** | **164.11** |

**28 Cost of materials consumed**

| | |
|---|---|
| Balance acquired as at March 4, 2020 (refer note 52) | 349.85 |
| Add: Purchases | 1,659.10 |
| Less: Closing Inventory | 448.73 |
| **Total** | **1,560.22** |

**29 Purchases of Stock-in-Trade**

| | |
|---|---|
| Traded Goods | 551.63 |
| **Total** | **551.63** |

**30 Changes in inventories of finished goods, work-in-progress and stock-in-trade**

| | | |
|---|---|---|
| **Balance acquired as at March 4, 2020 (refer note 52)** | | |
| Work-in-Progress | 394.84 | |
| Finished Goods | 112.31 | |
| Stock-in-trade | 145.16 | |
| | | 652.31 |
| **Less: Closing Inventory :** | | |
| Work-in-Progress | 318.13 | |
| Finished Goods | 132.54 | |
| Stock-in-trade | 254.38 | |
| | | 705.05 |
| **Total** | | (52.74) |

| Particulars | | For the period 04/03/2020 to 31/03/2021 Rs. in Crores |
|---|---|---|
| **31 Employee benefits expense** | | |
| Salaries and Wages (corporate Expense allocation pertaining to pharma business transferred to the Company INR 25.92 Crores) | | 1,241.23 |
| Contribution to Provident and Other Funds (Refer Note 38) | | 98.42 |
| Gratuity Expense Refer Note 38 | | 5.12 |
| Staff Welfare | | 122.97 |
| **Total** | | **1,467.74** |
| **32 Finance costs** | | |
| Finance Charge on financial liabilities measured at amortised cost | | 158.02 |
| Other borrowing costs | | 5.43 |
| **Total** | | **163.45** |
| **33 Other expenses** | | |
| Processing Charges | | 11.46 |
| Consumption of Stores and Spares Parts | | 99.86 |
| Consumption of Laboratory materials | | 99.56 |
| Power, Fuel and Water Charges | | 136.70 |
| Repairs and Maintenance | | |
| Buildings | 38.38 | |
| Plant and Machinery | 124.49 | |
| Others | 24.37 | 187.24 |
| Rent | | |
| Premises | 7.86 | |
| Other Assets | 20.76 | 28.62 |
| Rates & Taxes includes excise duty | | 45.69 |
| Insurance | | 36.57 |
| Travelling Expenses | | 22.05 |
| Directors' Commission | | 0.45 |
| Directors' Sitting Fees | | 0.03 |
| Trade Receivables written off | | 0.15 |
| Expected Credit Loss on Trade Receivables Refer Note 9 | | 12.35 |
| Property, Plant & Equipments Written Off | | 3.43 |
| Loss due to fire | | 5.74 |
| Advertisement and Business Promotion Expenses | | 102.73 |
| Donations | | 1.52 |
| Freight | | 110.46 |
| Export expenses | | 2.25 |
| Clearing and Forwarding Expenses | | 34.72 |
| Communication and Postage | | 14.89 |
| Printing and Stationery | | 7.82 |
| Claims | | 4.61 |
| Legal Charges | | 10.71 |
| Professional Charges | | 111.50 |
| Royalty Expense | | 46.89 |
| Service Charges (corporate Expense allocation pertaining to pharma business transferred to the Company INR 27.43 Crores) | | 65.34 |
| Information Technology Costs | | 16.72 |
| R & D Expenses Net | | 99.08 |
| Miscellaneous Expenses | | 40.95 |
| **Total** | | **1,360.09** |

**Note**
For the company, since this is the first reporting period, Corporate Social Responsibility expenses requirement under Companies Act, 2013 are not applicable

| | |
|---|---|
| **34 Exceptional Items** | |
| a.Mark to market gains on forward contracts taken against the inflow from equity investment from Carlyle | 100.80 |
| b.Write off of certain property plant and equipment and intangible assets under development pertaining to Mumbai R & D center | (37.42) |
| c. Certain transaction cost related to note 52(iii) above | (45.15) |
| **TOTAL** | **18.23** |
| **35 Other Comprehensive Income / (Expense) (Net Of Taxes)** | |
| Remeasurement of post-employment benefit obligations | (2.47) |
| Deferred gains / (losses) on cash flow hedges | 5.88 |
| Gain on bargain purchase | 7.43 |
| Exchange differences on translation of foreign operations | 115.71 |
| **TOTAL** | **126.55** |

## 36 Interests in other entities

### (a) Subsidiaries

The Group's subsidiaries at March 31, 2021 are set out below.

Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.
The country of incorporation or registration is also their principal place of business.

| Sr. No. | Name of the Company | Principal place of business / Country of incorporation | Ownership interest held by the group | Principal Activity |
|---|---|---|---|---|
| | | | % voting power held as at March 31, 2021 | |
| 1 | Piramal Critical Care Italia, S.P.A | **Italy** | 100% | Pharmaceutical manufacturing and services |
| 2 | Piramal Critical Care Deutschland GmbH | **Germany** | 100% | Pharmaceutical manufacturing and services |
| 3 | Piramal Critical Care Limited | **U.K.** | 100% | Pharmaceutical manufacturing and services |
| 4 | Piramal Healthcare (Canada) Limited | **Canada** | 100% | Pharmaceutical manufacturing and services |
| 5 | Piramal Critical Care B.V. | **Netherlands** | 100% | Pharmaceutical manufacturing and services |
| 6 | Piramal Pharma Solutions B.V. | **Netherlands** | 100% | Pharmaceutical manufacturing and services |
| 7 | Piramal Critical Care Pty. Ltd. | **Australia** | 100% | Pharmaceutical manufacturing and services |
| 8 | Piramal Healthcare UK Limited | **U.K.** | 100% | Pharmaceutical manufacturing and services |
| 9 | Piramal Healthcare Pension Trustees Limited | **U.K.** | 100% | Pharmaceutical manufacturing and services |
| 10 | Piramal Critical Care South Africa (Pty) Ltd | **South Africa** | 100% | Pharmaceutical manufacturing and services |
| 11 | Piramal Dutch Holdings N.V. | **Netherlands** | 100% | Holding Company |
| 12 | Piramal Healthcare Inc. | **U.S.A** | 100% | Holding Company |
| 13 | Piramal Critical Care, Inc. | **U.S.A** | 100% | Pharmaceutical manufacturing and services |
| 14 | Piramal Pharma Inc. | **U.S.A** | 100% | Pharmaceutical manufacturing and services |
| 15 | Piramal Pharma Solutions Inc. | **U.S.A** | 100% | Pharmaceutical manufacturing and services |
| 16 | PEL Pharma Inc. | **U.S.A** | 100% | Holding Company |
| 17 | Ash Stevens LLC | **U.S.A** | 100% | Pharmaceutical manufacturing and services |
| 18 | PEL Healthcare LLC (w.e.f June 26, 2020) | **U.S.A** | 100% | Pharmaceutical manufacturing and services |
| 19 | Convergence Chemicals Private Limited (w.e.f February 25, 2021) | **India** | 100% | Pharmaceutical manufacturing and services |

**(b) Interest in Joint Ventures**

| Sr. No. | Name of the Company | Principal place of business | Carrying Amount as at (Rs. in Crores) March 31, 2021 | % of ownership interest |
|---|---|---|---|---|
| 1 | Convergence Chemicals Private Limited (Convergence) (till February 24, 2021) | India | - | NA |

The above investments in joint ventures are accounted for using Equity Method. These are unlisted investments and hence quoted prices are not available.

***Significant judgement: classification of joint venture***

**Convergence Chemicals Private Limited**
**Significant judgement:classification of joint venture**
Convergence Chemicals Private Limited was a joint venture set up to develop, manufacture and sell speciality fluorochemicals.

The Group owned 51% equity shares of Convergence Chemicals Private Limited till February 24, 2021. The contractual arrangement states that PPL and the other shareholder shall nominate two directors each to the board and for any meeting of the board the quorum shall be two directors provided that one director from each party is present. This gives both the parties a joint control over Convergence Chemicals Private Limited. Convergence Chemicals Private Limited is a Private Limited Company whose legal form confers separation between the parties to the joint arrangement and the Company itself. Accordingly, the legal form of Convergence Chemicals Private Limited and the terms of the contractual arrangement indicate that the arrangement was a Joint Venture.

Effective February 25, 2021, the Group, has acquired the remaining 49% stake held by Navin Flourine International Ltd. in Convergence Chemicals Pvt. Ltd. for a cash consideration of Rs 65.10 Crore. Post this acquisition, CCPL is a wholly owned subsidiary of the Company.

**(c) Interest in Associates**

| Sr. No. | Name of the Company | Principal place of business | Carrying Amount as at (Rs. In Crores) March 31, 2021 | % of ownership interest |
|---|---|---|---|---|
| 1 | Allergan India Private Limited (Allergan) | India | 109.67 | 49% |

The above investment is accounted for using Equity Method. This is an unlisted investment and hence quoted prices are not available.

Allergan India Private Limited is mainly engaged in trading of opthalmic products.

**Allergan India Private Limited**
***Significant judgement: classification of associate***
The Group owns 49% equity shares of Allergan India Private Limited. As per the terms of the contractual agreement with Allergan Pharmaceuticals (Ireland) Limited, the company by virtue of its shareholding neither has the power to direct the relevant activities of the company, nor has the right to appoint majority of the Directors. The company only has a right to participate in the policy making processes. Accordingly Allergan India Private Limited has been considered as an Associate.

***Significant financial information for associate***

**Summarised Balance sheet as at:**

(Rs. in Crores)

| Particulars | March 31, 2021 |
|---|---|
| Current assets | 255.70 |
| Non-current assets | 46.86 |
| Current liabilities | (66.48) |
| Non-current liabilities | (13.40) |
| **Net Assets** | **222.68** |

**Summarised statement of profit and loss for the year ended:**

(Rs. in Crores)

| Particulars | March 31, 2021 |
|---|---|
| Revenue from operations | 365.35 |
| Profit for the year | 121.23 |
| Other comprehensive income/ (expense) | - |
| Total comprehensive income | 121.23 |
| Dividends received | 124.54 |

***Reconciliation to carrying amounts as at:*** (Rs. in Crores)

| Particulars | March 31, 2021 |
|---|---|
| Net assets | 222.68 |
| Group's share in % | 49% |
| Proportion of the Group's ownership interest | 109.11 |
| Others | 0.56 |
| **Carrying amount** | **109.67** |

***Contingent liabilities as at:*** (Rs. in Crores)

| Particulars | March 31, 2021 |
|---|---|
| Share of associate's contingent liabilities | |
| - Claims against the company not acknowledged as debt | 8.84 |
| - Disputed demands for income tax, sales tax and service tax matters | 1.75 |
| **Total contingent liabilities** | **10.59** |

## 37 Goodwill

Movement in Goodwill on Consolidation during the period:

(Rs. in Crores)

| Particulars | As at March 31, 2021 |
|---|---|
| Balance acquired as on March 04, 2020 | 835.21 |
| Add: Addition due to acquisitions during the period (Refer note 52(ii)) | 8.08 |
| Add: Currency translation differences | 13.18 |
| **Closing balance** | **856.47** |

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or group of CGUs, which are benefited from the synergies of the acquisition. Goodwill is reviewed for any impairment at the operating segment, which is represented through group of CGUs.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value - in - use.

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication for impairment. The financial projections basis which the future cash flows have been estimated consider (a) the increase in economic uncertainties due to COVID-19, (b) reassessment of the discount rates, (c) revisiting the growth rates factored while arriving at terminal value and subjecting these variables to sensitivity analysis. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit.

As of March 31, 2021, the recoverable amount was computed using the discounted cash flow method for which the estimated cash flows for a period of 5 years in the Pharmaceuticals segment were developed using internal forecasts, and a pre-tax discount rate of 10.88% to 13.50% respectively. The cash flows beyond 5 years have been extrapolated assuming 5% growth rates, depending on the cash generating unit and the country of operations.

The management believes that any possible changes in the key assumptions would not cause the carrying amount to exceed the recoverable amount of cash generating unit.

Based on the above, no impairment was identified as of March 31, 2021 as the recoverable value of the segments exceeded the carrying values.

**38 Employee Benefits :**

Brief description of the Plans:
Other Long Term Employee Benefit Obligations
Leave Encashment, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Consolidated Statement of Profit and Loss in the year in which they arise.

Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

Defined Contribution plans
The Group's defined contribution plans are Provident Fund (in case of certain employees), Superannuation, Overseas Social Security Plans, Employees State Insurance Fund and Employees' Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) and 401(k) plan contribution(in case of US subsidiaries). The Group has no further obligation beyond making contributions to such plans.

Post-employment benefit plans:
Gratuity for employees in India is paid as per 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 the number of years of service. The Group has both funded and non funded plans and makes contributions to recognised funds in India in case of funded plans.

The Group's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Group funds the plan on a periodical basis.

In case of certain employees, the Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety, etc., within the overall ambit of the Provident Fund Trust Rules and investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

In case of a foreign subsidiary, the subsidiary sponsors a defined benefit retirement plan. The benefits are based on employees' years of experience and final remuneration. The plan was funded through a separate trustee-administered fund.The pension cost for the main defined plans is established in accordance with the advice of independent qualified actuary. There are no active members in the fund.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk**
The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, equity, mutual funds and other debt instruments.

**Interest risk**
A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Longevity risk**
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk**
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The Group has both funded and non funded plans and makes contributions to recognised funds in India in case of funded plans. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Group. The contributions made to the trust are recognised as plan assets. Plan assets in the Provident fund trust are governed by local regulations, including limits on contributions in each class of investments.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations, with the objective that assets of the gratuity / provident fund obligations match the benefit payments as they fall due. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets consists of government and corporate bonds, although the Group also invests in equities, cash and mutual funds. The plan asset mix is in compliance with the requirements of the regulations in case of Provident fund.

In case of an overseas subsidiary, the pension plans were funded through a separate trustee - administered fund. The subsidiary employs a building block approach in determining the long term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

I. Charge to the Consolidated Statement of Profit and Loss based on Defined Contribution Plans:

(Rs. in Crores)

| Particulars | Period Ended March 31, 2021 |
|---|---|
| Employer's contribution to Regional Provident Fund Office | 4.39 |
| Employer's contribution to Superannuation Fund | 0.08 |
| Employer's contribution to Employees' State Insurance | 0.21 |
| Employer's contribution to Employees' Pension Scheme 1995 | 2.24 |
| Contribution to Pension Fund | 49.89 |
| 401 (k) Plan contribution | 29.47 |
| **TOTAL** | **86.28** |

Included in Contribution to Provident and Other Funds and R&D Expenses disclosed under Other Expenses (Refer Note 31 and 33)

II. Disclosures for defined benefit plans based on actuarial valuation reports as on March 31, 2021

**A. Change in Defined Benefit Obligation**

(Rs. in Crores)

| Particulars | (Funded) | | |
|---|---|---|---|
| | Gratuity | Pension | Provident Fund |
| | Period Ended March 31, 2021 | | |
| Present Value of Defined Benefit Obligation as at beginning of the period | - | - | - |
| Acquired through business combination | 0.05 | 592.66 | - |
| Interest Cost | 1.41 | 12.54 | 0.23 |
| Current Service Cost | 1.06 | - | 4.72 |
| Past Service Cost | - | - | - |
| Contributions from plan participants | - | - | 8.14 |
| Liability Transferred In for employees joined | 46.63 | - | - |
| Liability Transferred Out for employees left | - | - | - |
| Liability acquired on acquisition of a subsidiary | - | - | - |
| Benefits Paid | - | (30.20) | - |
| Reduction on disposal of discontinued operations | - | - | - |
| (Gains)/Losses on Curtailment | - | - | - |
| Actuarial (Gains)/loss - due to change in Demographic Assumptions | (0.39) | - | - |
| Actuarial (Gains)/loss - due to change in Financial Assumptions | 0.22 | 82.44 | - |
| Actuarial (Gains)/loss - due to experience adjustments | 2.39 | - | (0.10) |
| Exchange Differences on Foreign Plans | - | 46.66 | - |
| **Present Value of Defined Benefit Obligation as at the end of the period** | **51.37** | **704.10** | **12.99** |

**B. Changes in the Fair Value of Plan Assets**

(Rs. in Crores)

| Particulars | (Funded) | | |
|---|---|---|---|
| | Gratuity | Pension | Provident Fund |
| | Period Ended March 31, 2021 | | |
| Fair Value of Plan Assets as at beginning of the period | | - | |
| Interest Income | 1.41 | 15.73 | 0.23 |
| Acquistion throigh business combination | 0.53 | 743.06 | |
| Contributions from employer | - | | 12.86 |
| Contributions from plan participants | | | |
| Assets Transferred In for employees joined | 46.63 | | |
| Reduction on disposal of discontinued operations | | | |
| Benefits Paid from the fund | | (30.20) | |
| Return on Plan Assets, Excluding Interest Income | (1.06) | 95.52 | (0.10) |
| Administration cost | | (5.36) | |
| Exchange Differences on Foreign Plans | | 58.50 | |
| **Fair Value of Plan Asset as at the end of the period** | **47.51** | **877.25** | **12.99** |

**C. Amount recognised in the Balance Sheet**

(Rs. in Crores)

| Particulars | (Funded) | | |
|---|---|---|---|
| | Gratuity | Pension | Provident Fund |
| | Period Ended March 31, 2021 | | |
| Present Value of Defined Benefit Obligation as at the end of the period | 51.37 | 704.10 | 12.99 |
| Fair Value of Plan Assets As at end of the year | 47.51 | 877.25 | 12.99 |
| Funded Status | - | (173.15) | |
| Asset Ceiling | | 173.15 | |
| Effect of currency translations | | | |
| **Net Liability recognised in the Balance Sheet (Refer Notes 17 and 23)** | **3.86** | **-** | **-** |

(Rs. in Crores)

| Particulars | (Funded) | | |
|---|---|---|---|
| | Gratuity | Pension | Provident Fund |
| | Period Ended March 31, 2021 | | |
| **Recognised under:** | | | |
| **Non Current provision (Refer Note 17)** | 3.86 | - | - |
| **Current provision (Refer Note 23)** | - | - | - |

The Provident Fund has a surplus that is not recognised on the basis that future economic benefits are not available to the Group in the form of a reduction in future contributions or a cash refund due to local regulations.

The Group has no legal obligation to settle the deficit in the funded plan (Gratuity) with an immediate contribution or additional one off contributions.

**D. Expenses recognised in Consolidated Statement of Profit and Loss**

(Rs. in Crores)

| Particulars | (Funded) | | |
|---|---|---|---|
| | Gratuity | Pension | Provident Fund |
| | Period Ended March 31, 2021 | | |
| Current Service Cost | 1.06 | - | 4.72 |
| Past Service Cost | - | - | - |
| Net interest Cost | - | - | - |
| (Gains)/Losses on Curtailments and settlements | - | - | - |
| **Total Expenses recognised in the Statement of Profit And Loss*** | **1.06** | **-** | **4.72** |

*Included in Salaries and Wages, Contribution to Provident and Other Funds, Gratuity Fund and Research and Development Expenses (Refer Note 31 and 33 )

**E. Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period**

(Rs. in Crores)

| Particulars | (Funded) | | |
|---|---|---|---|
| | Gratuity | Pension | Provident Fund |
| | Period Ended March 31, 2021 | | |
| Actuarial (Gains)/Losses on Obligation For the Period - Due to changes in demographic assumptions | (0.39) | - | - |
| Actuarial (Gains)/Losses on Obligation For the Period - Due to changes in financial assumptions | 0.22 | - | - |
| Actuarial (Gains)/Losses on Obligation For the Period - Due to experience adjustment | 2.39 | - | - |
| Return on Plan Assets, Excluding Interest Income | 1.06 | - | - |
| Change in Asset Ceiling | - | - | - |
| **Net (Income)/Expense For the Period Recognized in OCI** | **3.28** | **-** | **-** |

**F. Significant Actuarial Assumptions:**

Figures in (%)

| Particulars | (Funded) | | |
|---|---|---|---|
| | Gratuity | Pension | Provident Fund |
| | Period Ended March 31, 2021 | | |
| Discount Rate (per annum) | 6.49 to 6.57 | 1.40 | 6.49 |
| Salary escalation rate | 9% for first 3 years then 6% | - | - |
| Expected Rate of return on Plan Assets (per annum) | 6.49 to 6.57 | 2.00 | NA |

The expected rate of return on plan assets is based on market expectations at the closing of the year. The rate of return on long-term bonds is taken as reference for this purpose.
In case of certain employees, the Provident Fund contribution is made to a Trust administered by the Group. In terms of the Guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident fund liability based on the assumptions listed above and determined that there is no shortfall at the end of each reporting period.

**G. Movements in the present value of net defined benefit obligation are as follows:**

(Rs. in Crores)

| Particulars | (Funded) Gratuity |
|---|---|
| | As at March 31, 2021 |
| Opening Net Liability/(asset) | |
| Expenses Recognized in Statement of Profit or Loss | 1.06 |
| Expenses Recognized in OCI | 3.28 |
| Exchange Fluctuation | |
| Net Liability/(Asset) Transfer In | 46.63 |
| Net (Liability)/Asset Transfer Out | |
| Balance in relation to the discontinued operations | |
| Net asset added on acquisition of subsidiary | (0.48) |
| Benefit Paid Directly by the Employer | |
| Employer's Contribution | (46.63) |
| **Net Liability/(Asset) Recognized in the Balance Sheet** | **3.86** |

**H. Category of Assets**

(Rs. in Crores)

| Particulars | (Funded) | | |
|---|---|---|---|
| | Gratuity | Pension | Provident Fund |
| | Period Ended March 31, 2021 | | |
| Government of India Assets (Central & State) | 21.43 | | 5.96 |
| Public Sector Unit Bonds | | | |
| Debt Instruments | | 596.53 | |
| Corporate Bonds | 17.82 | | 4.07 |
| Fixed Deposits under Special Deposit Schemes of Central Government* | 2.81 | | |
| Insurance fund* | | | |
| Equity Shares of Listed Entities/ Mutual funds | 4.92 | | 0.55 |
| Global Equities | | 280.72 | |
| Others* | 0.53 | | 2.41 |
| **Total** | **47.51** | **877.25** | **12.99** |

* Except these, all the other investments are quoted.

**I. Other Details**
**Funded Gratuity**

| Particulars | As at March 31, 2021 |
|---|---|
| Number of Active Members | 3,584 |
| Per Month Salary For Active Members | 10.26 |
| Average Expected Future Service (Years) | 7 to 8 Years |
| Projected Benefit Obligation (PBO) (Rs. In crores) | 51.91 |
| **Prescribed Contribution For Next Year (12 Months) (Rs. In crores)** | **8.76** |

**J. Cash Flow Projection: From the Fund**

**(Rs. In crores)**

| Projected Benefits Payable in Future Years From the Date of Reporting | Estimated for the Period ended March 31, 2021 |
|---|---|
| 1st Following Year | 5.82 |
| 2nd Following Year | 3.82 |
| 3rd Following Year | 4.70 |
| 4th Following Year | 5.08 |
| 5th Following Year | 5.77 |
| Sum of Years 6 To 10 | 25.70 |

The Group's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Group funds the plan on a periodical basis.

In case of certain employees, the Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety, etc., within the overall ambit of the Provident Fund Trust Rules and investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

Weighted average duration of the defined benefit obligation is in the range of 8 years

**K. Sensitivity Analysis**

**(Rs. in crores)**

| Projected Benefit Obligation | Gratuity - Funded |
|---|---|
| | As at March 31, 2021 |
| Impact of +1% Change in Rate of Discounting | (3.43) |
| Impact of -1% Change in Rate of Discounting | 3.41 |
| Impact of +1% Change in Rate of Salary Increase | 3.41 |
| Impact of -1% Change in Rate of Salary Increase | (3.05) |

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

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

The liability for Long term Service Awards (Non – Funded) as at period end is Rs. 2.88 crores

The liability for Leave Encashment (Non – Funded) as at period end is Rs. 31.74 Crores

## 39 Related Party Disclosures

### 1. List of related parties

A. Holding Company
Piramal Enterprises Limited (PEL)

B. Subsidiaries - Refer Note 36 (a) for list of subsidiaries.

C. Fellow Subsidiaries*
PHL Fininvest Private Limited
Piramal Dutch IM Holdco B.V.
PEL-DRG Dutch Holdco B.V
INDIAREIT Investment Management Co. (IIMCO)
Piramal Holdings (Suisse) SA

D. Other related parties
Entities controlled by Key Management Personnel*:
Piramal Corporate Services Private Limited (PCSL)
Piramal Glass Limited (PGL)
Piramal Glass USA Inc.

*where there are transactions during the current period

Employee Benefit Trusts
Piramal Pharma Ltd employees PF trust (PPPFT)

E. Associates and Joint Ventures - Refer Note 36 (b) and (c )

F. Key Management Personnel (KMP)

Mr. Peter De Young

G. Non Executive/Independent Directors

Ms. Nandini Piramal (Wife of Mr. Peter De Young) (Relative of KMP)
Mr. S. Ramadorai
Mr. Rajesh Laddha
Mr. Vivek Valsaraj (up to October 28th, 2020)
Mr. Neeraj Bharadwaj
Mr. Jairaj Manohar Purandare

### 2. Details of transactions with related parties.

**(Rs. in Crores)**

| **Details of Transactions** | **Holding Company** | **Fellow Subsidiaries** | **Joint Venture** | **Associate** | **Other Related Parties** | **Total** |
|---|---|---|---|---|---|---|
| | **2021** | **2021** | **2021** | **2021** | **2021** | **2021** |
| **Purchase of Goods** | | | | | | |
| - PGL | | | | | 4.65 | 4.65 |
| - Piramal Glass USA Inc. | | | | | 7.09 | 7.09 |
| - Convergence | | | 116.94 | | | 116.94 |
| - PEL | 49.80 | | | | | 49.80 |
| **TOTAL** | **49.80** | **-** | **116.94** | **-** | **11.74** | **178.48** |
| **Sale of Goods** | | | | | | |
| - Allergan | | | | 60.22 | | 60.22 |
| - PEL | 373.27 | | | | | 373.27 |
| **TOTAL** | **373.27** | **-** | **-** | **60.22** | **-** | **433.49** |
| **Dividend Income** | | | | | | |
| - Allergan | - | - | - | 124.54 | - | 124.54 |
| **TOTAL** | **-** | **-** | **-** | **124.54** | **-** | **124.54** |
| **Reimbursement of expenses** | | | | | | |
| - PEL | 43.70 | - | - | - | | 43.70 |
| **TOTAL** | 43.70 | - | - | - | **-** | **43.70** |
| **Royalty Expense** | | | | | | |
| - PCSL | - | - | - | - | 14.04 | 14.04 |
| **TOTAL** | **-** | **-** | **-** | **-** | **14.04** | **14.04** |
| **Rent Income** | | | | | | |
| - PHL Fininvest | - | 1.55 | - | - | | 1.55 |
| **TOTAL** | **-** | **1.55** | **-** | **-** | **-** | **1.55** |
| **Guarantee Commission Expenses** | | | | | | |
| - PEL | 5.20 | | | - | - | 5.20 |
| **TOTAL** | **5.20** | **-** | **-** | **-** | **-** | **5.20** |
| **Finance granted /(repayments) - (including loans in cash or in kind)** | | | | | | |
| - Convergence | | - | (5.00) | - | - | (5.00) |
| **TOTAL** | **-** | **-** | **(5.00)** | **-** | **-** | **(5.00)** |
| **Receiving of Services** | | | | | | |
| - PEL | 24.90 | - | - | - | - | 24.90 |
| **TOTAL** | **24.90** | **-** | **-** | **-** | **-** | **24.90** |
| **Interest received on loans/investments** | | | | | | - |
| - Convergence | | | 0.60 | | | 0.60 |
| **TOTAL** | **-** | **-** | **0.60** | **-** | **-** | **0.60** |
| **Interest received on loans/investments** | | | | | | |
| - PEL-DRG Dutch Holdco B.V | | 20.43 | | | | 20.43 |
| -IIMCO | | 0.82 | | | | 0.82 |
| -Piramal Holdings (Suisse) SA | | 0.60 | | | | 0.60 |
| - PEL | 10.81 | | | | | 10.81 |
| - Piramal Dutch IM Holdco B.V. | | 1.10 | | | | 1.10 |
| **TOTAL** | **10.81** | **22.95** | **-** | **-** | **-** | **33.76** |
| **Contribution to Funds** | | | | | | |
| - PPPFT | | | | | 8.78 | 8.78 |
| **TOTAL** | **-** | **-** | **-** | **-** | **8.78** | **8.78** |

All the transactions were made on normal commercial terms and conditions and at market rates.

**Compensation of key managerial personnel**

The remuneration of directors and other members of key managerial personnel during the year was as follows:

**(Rs. in Crores)**

| **Particulars** | **2021** |
|---|---|
| Short-term employee benefits (excluding perquisites) | 1.00 |
| Post-employment benefits | 0.08 |
| Other long-term benefits | - |
| Commission and other benefits to non-executive/independent directors | 0.48 |
| **Total** | **1.56** |

**3. Balances of related parties.**

**(Rs. in Crores)**

| **Account Balances** | **Holding Company** | **Fellow Subsidiaries** | **Joint Venture** | **Associate** | **Other Related Parties** | **Total** |
|---|---|---|---|---|---|---|
| | **2021** | **2021** | **2021** | **2021** | **2021** | **2021** |
| **Trade Receivables** | | | | | | |
| - PEL | 214.88 | - | - | - | - | 214.88 |
| - Allergan | - | - | - | 13.40 | - | 13.40 |
| **TOTAL** | **214.88** | **-** | **-** | **13.40** | **-** | **228.28** |
| **Consideration payable on account of Business transfer agreement (Refer note 52(iii))** | | | | | | |
| - PEL | 592.00 | - | - | - | | 592.00 |
| **TOTAL** | **592.00** | **-** | **-** | **-** | **-** | **592.00** |
| **Other receivable from related parties** | | | | | | |
| - PEL | 39.92 | - | - | - | - | 39.92 |
| -PHL Fininvest | - | 0.29 | - | - | - | 0.29 |
| **TOTAL** | **39.92** | **0.29** | **-** | **-** | **-** | **40.21** |
| **Trade Payables** | | | | | | |
| - Piramal Glass USA Inc | - | - | - | - | 0.21 | 0.21 |
| - PGL | - | - | - | - | 0.06 | 0.06 |
| - PCSL | - | - | - | - | 12.42 | 12.42 |
| - PEL | 128.24 | - | - | - | - | 128.24 |
| **TOTAL** | **128.24** | **-** | **-** | **-** | **12.69** | **140.93** |

**40** Property, Plant & Equipment, Brands and Trademarks and Other Financial Assets are mortgaged / hypothecated to the extent of Rs. 2,789.75 Crores as a security against long term secured borrowings as at March 31, 2021.

Plant & Equipment, Inventories and Trade receivables are hypothecated as a security to the extent of Rs. 144.21 Crores against short term secured borrowings as at March 31, 2021.

**41** Earnings Per Share (EPS) - EPS is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. The earnings and weighted average numbers of equity shares used in calculating basic and diluted earnings per equity share are as follows:

| **Particulars** | **For the period ended March 31, 2021** |
|---|---|
| 1. Profit attributable to owners of Piramal Pharma Limited (Rs. in Crores) | 835.03 |
| 2. Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (nos.)* | 449,953,500 |
| 3.Total Weighted Average Number of Equity Shares for calculating Diluted EPS (nos.)* | 449,953,500 |
| 4. Earnings Per Share - Basic attributable to Equity Shareholders (Rs.) (1/2)* | 18.56 |
| 5. Earnings Per Share - Diluted attributable to Equity Shareholders (Rs.) (1/3)* | 18.56 |
| 6. Face value per share (Rs.) | 10.00 |

* As per the securities subscription agreement between Piramal Enterprises Limited (PEL), the Company & CA Clover Intermediate-II Investments (now known as CA Alchemy Investments) ("Carlyle"), No. of Shares to be issued by the Company to Carlyle and PEL against Compulsory Convertible Preference Shares and Share warrants respectively are dependent upon fair value of share of the Company as on October 6, 2021 and accordingly, have not been considered for determination of basic and diluted earnings per share, as applicable, for the period.

**42** **(a)** The Company conducts research and development to find new sustainable chemical routes for pharmaceutical & herbal products. The company is undertaking development activities for Oral Solids and Sterile Injectables, apart from other Active Pharmaceutical Ingredients.

The Company has research and development centers in Mumbai, Ennore and Ahmedabad.

Details of additions to Property Plant & Equipments, Intangibles under Development and Revenue Expenditure for Department of Scientific & Industrial Research (DSIR) Recognised research and development facilities / division of the Company at Mumbai, Ennore and Ahmedabad for the year are as follows;

**(Rs. in Crores)**

| **Description** | **For the year ended March 31, 2021** |
|---|---|
| | |
| **Revenue Expenditure*** | 102.99 |
| **TOTAL** | **102.99** |
| | |
| **Capital Expenditure, Net** | |
| Additions to Property Plant & Equipments | 11.51 |
| Additions to Intangibles under Development | 6.91 |
| **TOTAL** | **18.42** |

* The amount included in Note 33, under R & D Expenses (Net) does not include Rs. 79.30 Crores relating to Ahmedabad location
Pursuant to business transfer Agreement between Piramal Enterprises Limited (PEL) and the Company, Research and Development units are transferred to the Company, as per terms and condition for recognition of inhouse R&D centre, PEL has informed DSIR for the same.
Expenditure reported in above table is for the period April 01, 2020 to March 31, 2021.

**(b)** In addition to the above, R & D Expenses (Net) included under Note 33 "Other Expenses" also includes expenditure incurred by the Group.

**43** The Consolidated results for the period ended March 31, 2021 includes the results for Piramal Critical Care Italia S.P.A, Piramal Critical Care Deutschland GmbH, Piramal Critical Care BV, Piramal Dutch Holdings N.V., Piramal Critical Care Pty. Limited, Piramal Critical Care South Africa (Pty) Ltd, Piramal Pharma Solutions B.V, PEL Healthcare LLC and PEL Pharma Inc based on audited accounts upto their respective financial year ending December 31, 2020 and management estimates prepared by respective Company's Management for the interim period ending March 31, 2021. The results of Allergan India Private Limited and Piramal Healthcare Pension Trustees Limited are based on management estimates for the year ended March 31, 2021 as audited results were unavailable. The combined Revenues from operations for the period ended March 31, 2021 for all the above companies is Rs. 404.65 crores. The combined profit/(loss) for the period ended March 31, 2021 for all the above companies to the Consolidated Profit and Loss is Rs. (87.47) crores.

## 44 Capital Management

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings as detailed in notes 16, 20 and 21 offset by cash and bank balances) and total equity of the Group.

The Group determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through long-term /short-term borrowings.The Group monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Group.

The capital components of the Group are as given below:

| | **(Rs in Crores)** **As at March 31, 2021** |
|---|---|
| Equity | 5,605.00 |
| **Total Equity** | **5,605.00** |
| | |
| Borrowings - Non Current | 2,339.16 |
| Borrowings - Current | 360.52 |
| Current Maturities of Long Term Debt | 210.51 |
| **Total Debt** | **2,910.19** |
| Cash & Cash equivalents | (384.65) |
| **Net Debt** | **2,525.54** |
| **Debt/Equity Ratio** | **0.45** |

The terms of the Secured and unsecured loans and borrowings contain certain financial covenants primarily requiring the Company and it's subsidiaries to maintain financial ratios like Total Debt to Total Net Worth, Interest Coverage Ratio, Fixed Asset Cover ratio, Minimum net worth conditions, etc. The Company and it's subsidiaries are broadly in compliance with the said covenants and banks have generally waived / condoned such covenants.

## 45 Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk.
The Group has an independent and dedicated Enterprise Risk Management (ERM) system to identify, manage and mitigate business risks.
The Senior Mangaement along with a centralized treasury manages the liquidity and interest rate risk on the balance sheet.

This note explains the sources of risk which the group is exposed to and how the group manages the risk and the impact of hedge accounting in the financial statements.

| **Risk** | **Exposure arising from** | **Management** |
|---|---|---|
| Liquidity risk | Borrowings and other liabilities | The Senior Management along with centralized treasury deliberates on the static liquidity gap statement, future asset growth plans, tenor of assets, market liquidity and pricing of various sources of funds. It decides on the optimal funding mix taking into consideration the asset strategy and a focus on diversifying sources of funds. |
| Market risk - Interest rate | Long-term borrowings at variable rates | The Senior Management reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. |
| Market risk - Foreign exchange | Transactions denominated in foreign currency | The centralised treasury function aggregates the foreign exchange exposure and takes measures to hedge the exposure based on prevalent macroeconomic conditions. |
| Credit risk | Trade receivables and investments | The Senior Management assess the recoverability of investments basis and considered these balances good and fully recoverable. Refer note-9 for trade receivables |

**a. Liquidity Risk Management**

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Senior Management along with centralized treasury is responsible for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Group has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

The Group has the following undrawn credit lines available as at the end of the reporting period.

| Particulars | (Rs. in Crores) As at March 31, 2021 |
|---|---|
| - Undrawn credit lines | 513.81 |
| | **513.81** |

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

(Rs. in Crores)

| Maturities of Financial Liabilities | As at March 31, 2021 | | | |
|---|---|---|---|---|
| | **Upto 1 year** | **1 to 3 years** | **3 to 5 years** | **5 years & above** |
| Borrowings | 640.43 | 1,033.50 | 1,255.54 | 379.27 |
| Trade Payables | 917.94 | - | - | - |
| Lease Liabilities | 37.84 | 48.29 | 41.36 | 115.73 |
| Other Financial Liabilities | 722.87 | - | - | - |
| | **2,319.08** | **1,081.79** | **1,296.90** | **495.00** |

The following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

(Rs. in Crores)

| Maturities of Financial Assets | As at March 31, 2021 | | | |
|---|---|---|---|---|
| | **Upto 1 year** | **1 to 3 years** | **3 to 5 years** | **5 years & above** |
| Trade Receivables (Gross of ECL) | 1,622.26 | - | - | - |
| | **1,622.26** | **-** | **-** | **-** |

The balances disclosed in the table above are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

In assessing whether the going concern assumption is appropriate, the Group has considered a range of factors relating to current and expected profitability, debt repayment schedule and potential sources of replacement financing. The Group has performed sensitivity analysis on such factors considered and based on current indicators of future economic conditions; there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Because of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Group will continue to monitor any changes to the future economic conditions.

Group has below commitments to invest in AIF which will be invested as and when suitable investment opportunity arises:

**Commitment as on March 31, 2021**

| Fund Name | Total Commitment (USD Mio) | Balance Commitment (USD Mio) | Total Commitment (Rs. Crores) | Balance Commitment (Rs. Crores) |
|---|---|---|---|---|
| Nyca Investment Fund III, LP | 5.00 | 3.13 | 36.56 | 22.85 |

**b. Interest Rate Risk Management**

The Group is exposed to interest rate risk as it has assets and liabilities based on floating interest rates as well. Senior Management along with centralised treasury assess the interest rate risk run by it and provide appropriate guidelines to the treasury to manage the risk. The Senior Management along with centralised treasury reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The Senior Management along with centralised treasury reviews the interest rate gap statement and the interest rate sensitivity analysis.

| Particulars | As at March 31, 2021 |
|---|---|
| Variable rate borrowings | 2,564.44 |
| Fixed rate borrowings | 345.75 |
| | 2,910.19 |

The sensitivity analysis below has been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate assets and liabilities has been considered to be insignificant.

If interest rates related to borrowings had been 25 basis points higher/lower and all other variables were held constant for Foreign currency loans, the Group's
- Profit before tax for the period ended/Other Equity(pre tax) as on March 31, 2021 would decrease/increase by Rs. 6.19 Crores respectively. This is attributable to the Group’s exposure to borrowings at floating interest rates.

### c. Foreign Currency Risk Management

The Group is exposed to Currency Risk arising from its trade exposures and Capital receipts / payments denominated, in other than the Functional Currency. The Group has a detailed policy which includes setting of the recognition parameters, benchmark targets, the boundaries within which the treasury has to perform and also lays down the checks and controls to ensure the continuing success of the treasury function.
The Group has defined strategies for addressing the risks for each category of exposures (e.g. for exports, for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.

#### a) Derivatives outstanding as at the reporting date

| i. Hedge of firm commitment and highly probable forecast transactions | As at March 31, 2021 | |
|---|---|---|
| | FC in Millions | Rs. In Crores |
| Forward contracts to sell USD / INR | 116.00 | 869.96 |

#### b) Particulars of unhedged foreign currency exposures as at the reporting date

| Currencies | As at March 31, 2021 | |
|---|---|---|
| | Trade receivables | |
| | FC in Millions | Rs. In Crores |
| EUR | 18.78 | 160.90 |
| USD | 84.20 | 615.60 |
| GBP | 11.71 | 117.68 |
| AUD | 0.36 | 2.18 |
| CAD | 7.45 | 43.24 |
| SGD | 0.15 | 0.80 |
| ZAR | 64.50 | 31.81 |
| HKD | 0.80 | 0.79 |
| IDR | 29,907.10 | 14.95 |
| YEN | 144.90 | 9.57 |
| CZK | 27.59 | 9.05 |

| Currencies | As at March 31, 2021 | |
|---|---|---|
| | Trade payables | |
| | FC in Millions | Rs. In Crores |
| CHF | 0.06 | 0.51 |
| EUR | 0.44 | 3.78 |
| GBP | 5.39 | 53.98 |
| JPY | 0.99 | 0.07 |
| SEK | 0.03 | 0.02 |
| USD | 37.84 | 276.66 |
| INR | 279.44 | 27.94 |
| THB | 0.77 | 0.18 |
| AUD | 0.00 | 0.01 |
| CAD | 0.00 | 0.03 |
| SGD | 0.00 | 0.00 |
| NZD | 0.00 | 0.00 |
| AED | 0.04 | 0.08 |
| IDR | 23,933.80 | 11.97 |
| CZK | 0.65 | 0.23 |
| YEN | 1.2 | 0.08 |

| Currencies | As at March 31, 2021 | |
|---|---|---|
| | Loan from Banks | |
| | FC in Millions | Rs. In Crores |
| USD | 8.23 | 60.20 |
| EUR | 0.90 | 7.56 |

| Currencies | As at March 31, 2021 | | | |
|---|---|---|---|---|
| | Loans | | Current Account Balances | |
| | FC in Millions | Rs. In Crores | FC in Millions | Rs. In Crores |
| USD | 98.53 | 720.43 | 17.38 | 127.11 |
| GBP | 2.86 | 26.74 | - | - |
| EUR | 2.50 | 20.69 | (11.94) | (102.37) |

| Currencies | As at March 31, 2021 | |
|---|---|---|
| | Loans taken and interest payable | |
| | FC in Millions | Rs. In Crores |
| EUR | 9.89 | 81.83 |
| USD | 60.13 | 454.21 |
| GBP | 15.22 | 142.10 |
| CHF | 4.73 | 36.95 |

| Currencies | As at March 31, 2021 | |
|---|---|---|
| | Cash & Cash Equivalents | |
| | FC in Millions | Rs. In Crores |
| USD | 6.98 | 51.06 |
| GBP | (0.25) | (2.55) |
| EUR | 1.43 | 12.28 |
| CZK | 4.03 | 1.32 |

* - Below the rounding off threshold applied by the Group
Note: Loan from/ to Related Parties includes loans in respect of which foreign exchange gain/ loss is transferred to Other Comprehensive Income

Of the above, the Group is mainly exposed to USD, GBP, EUR & CHF. Hence the following table analyses the Group's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of these currencies against INR.

| Currencies | Increase/Decrease | As at March 31, 2021 | | | |
|---|---|---|---|---|---|
| | | Total Assets in FC (In Millions) | Total Liabilities in FC (In Millions) | Change in exchange rate | Impact on Profit or Loss/Other Equity for the period ( Rs. In Crores) |
| USD | Increase by 5%# | 207.10 | 106.21 | 3.66 | 36.88 |
| USD | Decrease by 5%# | 207.10 | 106.21 | (3.66) | (36.88) |
| GBP | Increase by 5%# | 14.32 | 20.61 | 5.04 | (3.17) |
| GBP | Decrease by 5%# | 14.32 | 20.61 | (5.04) | 3.17 |
| EUR | Increase by 5%# | 10.77 | 11.22 | 4.29 | (0.19) |
| EUR | Decrease by 5%# | 10.77 | 11.22 | (4.29) | 0.19 |
| CHF | Increase by 5%# | - | 4.79 | 3.88 | (1.86) |
| CHF | Decrease by 5%# | - | 4.79 | (3.88) | 1.86 |

# Holding all the variables constant

### d. Accounting for cash flow hedge

The objective of hedge accounting is to represent, in the Group's financial statements, the effect of the Group's use of financial instruments to manage exposures arising from particular risks that could affect profit or loss. As part of its risk management strategy, the Group makes use of financial derivative instruments, such as foreign currency range forwards and forward exchange contracts for hedging the risk arising on account of highly probable foreign currency forecast sales.

The Group has a Board approved policy on assessment, measurement and monitoring of hedge effectiveness which provides a guideline for the evaluation of hedge effectiveness, treatment and monitoring of the hedge effective position from an accounting and risk monitoring perspective. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The Group assesses hedge effectiveness on prospective basis. The prospective hedge effectiveness test is a forward looking evaluation of whether or not the changes in the fair value or cash flows of the hedging position are expected to be highly effective in offsetting the changes in the fair value or cash flows of the hedged position over the term of the relationship.

For derivative contracts designated as hedge, the Group documents, at inception, the economic relationship between the hedging instrument and the hedged item, the hedge ratio, the risk management objective for undertaking the hedge and the methods used to assess the hedge effectiveness. The derivative contracts have been taken to hedge foreign currency fluctuations risk arising on account of highly probable foreign currency forecast sales.

The Group applies cash flow hedge to hedge the variability arising out of foreign exchange currency fluctuations on account of highly probable forecast sales. Such contracts are generally designated as cash flow hedges.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The forward exchange forward contracts are denominated in the same currency as the highly probable future sales, therefore the hedge ratio is 1:1. Further, the entity has excluded the foreign currency basis spread and takes such excluded element through the income statement. Accordingly, the Group designates only the spot rate in the hedging relationship.

Hedge effectiveness is assessed through the application of dollar offset method and designation of spot rate as the hedging instrument. The excluded portion of the foreign currency basis spread is taken directly through income statement.

The table below enumerates the Group's hedging strategy, typical composition of the Group's hedge portfolio, the instruments used to hedge risk exposures and the type of hedging relationship for the period ended March 31, 2021:

| Sr No | Type of risk/ hedge position | Hedged item | Description of hedging strategy | Hedging instrument | Description of hedging instrument | Type of hedging relationship |
|---|---|---|---|---|---|---|
| 1 | Foreign Currency hedge | Highly probable forecast sales | Foreign currency denominated highly probable forecast sales is converted into functional currency using a forward contract. | Foreign exchange forward contracts | Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. These are customized contracts transacted in the over–the–counter market. Further, the foreign currency basis spread is separated and accounted for at FVTPL. Accordingly, only the spot rate has been designated in the hedging relationship. | Cash flow hedge |

The tables below provide details of the derivatives that have been designated as cash flow hedges for the periods presented:

**As at March 31, 2021** **(In Crores)**

| | Notional principal amounts | Derivative Financial Instruments - Assets | Derivative Financial Instruments – Liabilities | Change in fair value for the period recognized in OCI | Ineffectivenes s recognized in profit or loss | Line item in profit or loss that includes hedge ineffective-ness | Contracts novated from PEL to PPL | Amount reclassified from cash flow hedging reserve to profit or loss | Line item in profit or loss affected by the reclassifica-tion |
|---|---|---|---|---|---|---|---|---|---|
| Foreign exchange forward contracts | 11.30 (USD) | | 16.36 | 10.47 | - | Not applicable | (4.30) | (0.44) | Revenue |

The table below provides a profile of the timing of the notional amounts of the Group's hedging instruments (based on residual tenor) along with the average price or rate as applicable by risk category:

| | As at March 31, 2021 | | | |
|---|---|---|---|---|
| | **Total** | **Upto 1 year** | **1-5 years** | **Over 5 years** |
| **Foreign currency risk:** | | | | |
| **Forward exchange contracts** | 11.30 (USD) | 11.30 (USD) | | |
| Average INR:USD forward contract rate | 77.11 | 77.11 | | |

(iii) The following table provides a reconciliation by risk category of the components of equity and analysis of OCI items resulting from hedge accounting:

| Movement in Cash flow hedge reserve for the period ended | 31 March 2021 (Rs. In Crs) |
|---|---|
| Balance as at March 04, 2020 | |
| **Effective portion of changes in fair value:** | |
| Foreign exchange forward contracts | 13.77 |
| Tax on movements on reserves during the period | (3.30) |
| Contracts novated from Piramal Enterprises Limited | (5.53) |
| Tax on movements on reserves during the period | 1.23 |
| **Net amount reclassified to profit or loss:** | |
| **Effective portion of changes in fair value:** | |
| Foreign exchange forward contracts | (0.44) |
| Tax on movements on reserves during the period | 0.15 |
| **Closing balance** | **5.88** |

**46 Movement in Provisions :** **(Rs. in Crores)**

| **Particulars** | **Onerous Contracts** |
|---|---|
| | **As at March 31,** |
| | **2021** |
| Balances as at the beginning of the period | 0.10 |
| Amount used | (0.03) |
| Revaluation of closing balances | 0.01 |
| **Balances as at the end of the period** | **0.08** |
| Classified as Non-current (Refer note 17) | 0.08 |
| Classified as Current | - |
| **Total** | **0.08** |

Provision for Onerous contracts represents the amounts provided for contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

**47** Below table provides the geographical information in term of Ind AS 108:

**Geographical Segments**

**(Rs. in Crores)**

| **Particulars** | **Within India** | **Outside India** | **Total** |
|---|---|---|---|
| | **March** | **March** | **March** |
| | **2021** | **2021** | **2021** |
| Revenue from operations | 882.66 | 5,432.24 | 6,314.90 |
| Carrying amount of Non current Assets* | 1,956.00 | 4,842.59 | 6,798.59 |

* Other than Financial assets, deferred tax assets and Net Advance Tax Paid
No customer contributed more than 10% of the total revenue of the Group

## 48) Income taxes relating to operations

***a) Tax expense recognised in statement of profit and loss***

| | (Rs. in Crores) Period Ended March 31, 2021 |
|---|---|
| ***Current tax*** | |
| In respect of the current period | 116.34 |
| | **116.34** |
| ***Deferred tax*** | |
| Deferred Tax, net | (2.32) |
| | **(2.32)** |
| **Total tax expense recognised** | **114.02** |
| **Total tax expense attributble to** | |
| from continuing operations | 114.02 |

***b) Tax (expense)/ benefits recognised in other comprehensive income***

| | (Rs. in Crores) Period ended March 31, 2021 |
|---|---|
| ***Deferred tax*** | |
| Arising on income and expenses recognised in other comprehensive income: | |
| Exchange loss on long term loans transferred to OCI | (1.60) |
| Fair value remeasurement of hedging instruments entered into for cash flow hedges | 1.93 |
| Remeasurement of defined benefit obligation | (0.82) |
| **Total tax expense recognised** | **(0.49)** |

| ***c) Deferred tax balances*** | (Rs. in Crores) As at March 31, 2021 |
|---|---|
| The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated Balance sheet: | |
| Deferred tax assets (net) | 244.12 |
| Deferred tax liabilities (net) | (222.49) |
| | **21.63** |

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

**Movement of Deferred Tax during the period March 04, 2020 to March 31, 2021**

(Rs. in Crores)

| Particulars | Balance as at March 04, 2020 (Refer note 52(iii)) | Recognised in statement of profit and loss | Foreign Currency Translation Impact | Recognised in other comprehensive income | Acquired through business combination (Refer note 52(ii)) | Closing balance |
|---|---|---|---|---|---|---|
| **Deferred tax (liabilities)/assets in relation to:** | | | | | | |
| Expected Credit Loss on Trade Receivables | - | 0.24 | - | - | - | **0.24** |
| Brought forward losses | 148.23 | 77.95 | 13.69 | - | - | **239.87** |
| Recognition of lease rent expense | - | 0.07 | - | - | - | **0.07** |
| Disallowances for items allowed on payment basis | - | 15.28 | (0.23) | | - | **15.05** |
| Unrealised profit margin on inventory | 28.47 | (7.82) | - | - | - | **20.65** |
| Property, Plant and Equipment and Intangible assets | (159.01) | (72.03) | 0.21 | - | (15.69) | **(246.52)** |
| Measurement of financial liabilities at amortised cost | - | (0.14) | - | - | - | **(0.14)** |
| Remeasurement of defined benefit obligation | - | - | - | 0.82 | - | **0.82** |
| Fair value measurement of derivative contracts | (1.51) | (0.86) | - | (1.93) | - | **(4.30)** |
| Other temporary differences | 2.62 | (8.77) | 2.04 | - | - | **(4.11)** |
| Exchange differences on long term loans designated as net investments transferred to OCI | - | (1.60) | - | 1.60 | - | - |
| **Total** | **18.80** | **2.32** | **15.71** | **0.49** | **(15.69)** | **21.63** |

**The income tax expense for the period can be reconciled to the accounting profit as follows:**

(Rs. in Crores)

| Particulars | For the Period ended March 31, 2021 |
|---|---|
| **Consolidated Profit before tax** | 901.81 |
| Less: Profit recognised on account of common control acqusition (Refer note 52(iii)) | (282.02) |
| **Profit before tax from continuing operations** | 619.79 |
| **Income tax expense calculated at 25.17%** | **156.00** |
| Effect of expenses that are not deductible in determining taxable profit | 9.43 |
| Utilisation of previously unrecognised tax losses | (26.67) |
| Effect of incomes which are taxed at different rates | (5.38) |
| Effect of incomes which are exempt from tax | 6.54 |
| Deferred tax asset created on unrecogised tax losses of previous years | (78.10) |
| Tax provision for earlier years | (20.06) |
| Tax losses for which no deferred income tax is recognised | 34.08 |
| Temporary differences for which no deferred income tax was recognised | 6.13 |
| Unrealised profit margin on inventory on which deferred tax asset is not created | 0.22 |
| Effect of deduction from dividend income | 14.37 |
| Others | 17.46 |
| **Income tax expense recognised in consolidated statement of profit and loss** | **114.02** |

The tax rate used for the reconciliations above is the corporate tax rate of 25.17% for the period ended March 31, 2021 by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

In assessing the realizability of deferred tax assets, the Group considers the extent to which it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits (after considering the Covid-19 impact) during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Group considers the expected reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income taxes are deductible, the Group believes that it is probable that the Group will realize the benefits of this deferred tax asset. The amount of deferred tax asset considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carry-forward period are reduced.

In addition to this, during the period, the Group has recognized Deferred Tax Asset of Rs. 78.10 Crores on unused tax losses, considering profits in the past years and reasonable certainty of realisation of such deferred tax asset in the future years.

Deferred tax asset amounting to Rs. 161.77 crores (excluding the amount already recognised to the extent of Deferred Tax Liabilties amounting Rs. 101.65 Crores) as at March 31, 2021 in respect of unused tax losses, temporary differences and tax credits was not recognized by the Group, considering that the Company and its subsidiaries had a history of tax losses for recent years. Unrecognized Deferred tax of Rs. 124.66 Crores as at March 31, 2021 are attributable to carry forward tax losses which are not subject to expiration dates. The remaining unrecognized deferred tax of Rs. 37.11 Crores as at March 31, 2021 are attributable to carry forward tax losses which expires in various years upto December 31, 2037.

Deferred income taxes are not recognised on the undistributed earnings of subsidiaries, associates where it is expected that the earnings will not be distributed in the foreseeable future or where the tax credit can be availed by the holding company.

**Piramal Pharma Limited**
**Notes to the Consolidated financial statements for the period ended March 31, 2021**

**49. Disclosures mandated by Schedule III by way of additional information**

| Name of the entity | Net Assets (total assets minus total liabilities) as at March 31, 2021 | | Share in Profit for the period ended March 31, 2021 | | Share in Other Comprehensive Income for the period ended March 31, 2021 | | Share in Total Comprehensive Income for the period ended March 31, 2021 | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated net assets | Amount (Rs. in Crores) | As a % of Consolidated profit | Amount (Rs. in Crores) | As a % of Consolidated Other Comprehensive Income | Amount (Rs. in Crores) | As a % of Consolidated Total Comprehensive Income | Amount (Rs. in Crores) |
| **Parent** | | | | | | | | |
| Piramal Pharma Limited | 73.16% | 4,100.83 | 68.44% | 571.49 | 2.59% | 3.28 | 59.77% | 574.77 |
| **Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Convergence Chemicals Private Limited (w.e.f February 25, 2021) | 2.35% | 131.78 | -0.04% | (0.35) | -0.07% | (0.09) | -0.05% | (0.44) |
| | | | | | | | | - |
| **Foreign** | | | | | | | | - |
| Piramal Dutch Holdings N.V. | 33.90% | 1,900.04 | -6.12% | (51.14) | -5.01% | (6.34) | -5.98% | (57.48) |
| Piramal Healthcare Inc. | 21.36% | 1,197.34 | 2.73% | 22.83 | 52.37% | 66.28 | 9.27% | 89.11 |
| Piramal Critical Care, Inc. | 16.07% | 900.85 | 26.77% | 223.56 | -21.48% | (27.19) | 20.42% | 196.37 |
| Piramal Pharma Inc. | 0.24% | 13.37 | -0.10% | (0.85) | -0.38% | (0.48) | -0.14% | (1.33) |
| PEL Pharma Inc. | -0.23% | (13.01) | -2.62% | (21.88) | 14.88% | 18.83 | -0.32% | (3.05) |
| Ash Stevens LLC | 9.90% | 554.83 | 11.92% | 99.56 | -18.41% | (23.30) | 7.93% | 76.26 |
| Piramal Pharma Solutions Inc. | -7.22% | (404.51) | -10.06% | (84.04) | 9.89% | 12.52 | -7.44% | (71.52) |
| Piramal Critical Care Italia, S.P.A | 0.38% | 21.56 | -0.78% | (6.48) | 0.35% | 0.44 | -0.63% | (6.04) |
| Piramal Critical Care Deutschland GmbH | 0.23% | 13.08 | -1.64% | (13.68) | 0.00% | (0.00) | -1.42% | (13.68) |
| Piramal Healthcare (UK) Limited | 12.05% | 675.32 | 4.89% | 40.86 | 41.85% | 52.96 | 9.76% | 93.82 |
| Piramal Healthcare Pension Trustees Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Piramal Critical Care Limited | 2.78% | 156.04 | -8.35% | (69.73) | 3.77% | 4.77 | -6.76% | (64.96) |
| Piramal Healthcare (Canada) Limited | 10.78% | 604.19 | 19.16% | 160.03 | 32.39% | 40.99 | 20.91% | 201.02 |
| Piramal Critical Care South Africa (Pty) Ltd | 0.09% | 5.15 | -0.01% | (0.04) | 0.27% | 0.34 | 0.03% | 0.30 |
| Piramal Critical Care B.V. | -0.11% | (6.30) | -3.55% | (29.61) | 0.60% | 0.76 | -3.00% | (28.85) |
| Piramal Critical Care Pty. Ltd. | 0.04% | 2.41 | -0.01% | (0.07) | 0.31% | 0.39 | 0.03% | 0.32 |
| PEL Healthcare LLC (w.e.f June 26, 2020) | 2.27% | 127.30 | -0.85% | (7.09) | 3.00% | 3.79 | | (3.30) |
| | | | | | | | | - |
| **Associates (Investment as per the equity method)** | | | | | | | | - |
| **Indian** | | | | | | | | - |
| Allergan India Private Limited | 1.96% | 109.67 | 5.09% | 42.54 | 0.00% | | 4.42% | 42.54 |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| Consolidation Adjustments | -79.02% | (4,484.94) | -3.90% | (40.88) | -17.91% | (21.40) | -7.48% | (62.28) |
| **Total** | **100.00%** | **5,605.00** | **100.00%** | **835.03** | **100.00%** | **126.55** | **100.00%** | **961.58** |

**50 Fair Value Measurement**

**Financial Instruments by category:**

Rs. in Crores

a)

| | March 31, 2021 | |
|---|---|---|
| **Categories of Financial Instruments:** | **FVTPL** | **Amortised Cost** |
| **Financial Assets** | | |
| Investments | 13.00 | - |
| Cash & Bank Balances | - | 405.62 |
| Trade Receivables | - | 1,574.94 |
| Other Financial Assets | 17.07 | 165.92 |
| | **30.07** | **2,146.48** |
| **Financial liabilities** | | |
| Borrowings (including Current Maturities of Long Term Debt) | - | 2,910.19 |
| Trade Payables | - | 917.94 |
| Other Financial Liabilities | - | 722.87 |
| | **-** | **4,551.00** |

b) **Fair Value Hierarchy and Method of Valuation**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Rs. in Crores

| **Financial Assets** | March 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | **Notes** | **Carrying Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Measured at FVTPL - Recurring Fair Value Measurements** | | | | | | |
| **Investments** | | | | | | |
| Investments in Equity Shares | | 13.00 | | | 13.00 | 13.00 |
| **Other Financial Assets** | | | | | | |
| Derivative Financial Assets | i | 17.07 | | 17.07 | | 17.07 |

Except for those financial instruments for which the carrying amounts are mentioned in the above table, the Company considers that the carrying amounts recognised in the financial statements approximate their fair values.
For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

**Valuation techniques used to determine the fair values:**

i. This includes forward exchange contracts . The fair value of the forward exchange contract is determined using forward exchange rate at the balance sheet date.

c) **Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the period ended March 31, 2021 .

**(Rs. in Crores)**

| | **Equity Shares** |
|---|---|
| **As at March 04, 2020** | 9.85 |
| Acquisitions | 5.57 |
| Gains / (Losses) recognised in profit or loss | (0.86) |
| Exchange Fluctations | (1.56) |
| **As at March 31, 2021** | **13.00** |

d) Management uses its best judgment in estimating the fair value of its financial instruments (including impact on account of Covid-19). However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Group could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

## 51 Leases

**(i) Amounts recognised in the balance sheet**
The balance sheet shows the following amounts relating to leases: -1

**Right-of-use assets** **Rs. in Crores**

| Category of Asset | Balance acquired as at March 04, 2020 | Acquistion through business combination (Refer note 52) | Additions during the period | Depreciation for the period | Foreign currency translation impact | Closing as on 31st March, 2021 |
|---|---|---|---|---|---|---|
| Building | 77.38 | 16.26 | 45.63 | 20.00 | 4.77 | 124.04 |
| Leasehold Land | 5.20 | - | 0.14 | 0.07 | - | 5.27 |
| Equipments | 0.37 | 1.03 | - | 0.50 | -0.03 | 0.87 |
| **Total** | **82.95** | **17.29** | **45.77** | **20.57** | **4.74** | **130.18** |

**(ii) Amounts recognised in the statement of profit or loss**

The statement of profit or loss shows the following amounts relating to leases

| | |
|---|---|
| Interest expense on lease liabilities (included in finance cost) | 5.17 |
| Expense relating to short-term leases (included in Operating Expenses) | 7.86 |
| Expense relating to leases of low-value assets (other than short term leases as disclosed above) (included in Operating expenses) | 20.76 |

The weighted average incremental borrowing rate applied to lease liabilities as at March 04, 2020 ranges between 2.51% to 11.77%.

The bifurcation below provides details regarding the contractual maturities of lease liabilities as of March 31,2021 on an undiscounted basis:

| | |
|---|---|
| 1 year | 37.84 |
| 1-3 years | 48.29 |
| 3-5 years | 41.36 |
| More than 5 years | 115.73 |

**52 Business Combinations**

**A. Summary of acquisitions during the current period**

**(i) Acquisition of G&W PA Laboratories LLC (G&W PA) (now known as PEL Healthcare LLC)**

The Group, through its wholly owned subsidiary, PEL Pharma Inc, has acquired 100% stake in G&W PA Laboratories LLC (G&W PA) (now known as PEL Healthcare LLC) in an all cash deal for a total consideration of Rs. 132.29 Crores. Through this, the group has acquired the solid oral dosage drug product manufacturing facility of G&W PA, located in Sellersville, Pennsylvania. The transaction was closed on June 26, 2020.

***(a) Details of purchase consideration***

| Particulars | USD in Million | Rs. in Crores |
|---|---|---|
| Cash paid | 17.50 | 132.19 |
| Working capital adjustment | 0.01 | 0.10 |
| **Total Purchase Consideration** | **17.51** | **132.29** |

***(b) The fair value of assets and liabilities recognised as a result of the acquisition are as follows:***

| Particulars | USD in Million | Rs. in Crores |
|---|---|---|
| **Assets** | | |
| Property, Plant and Equipment | 15.97 | 120.60 |
| Intangible assets - Computer Software | 1.30 | 9.83 |
| Trade Receivables | 1.94 | 14.62 |
| Cash and cash equivalents | 0.12 | 0.90 |
| Prepaid expenses | 0.08 | 0.60 |
| **Total Assets** | **19.41** | **146.55** |
| **Liabilities** | | |
| Trade payable | 0.91 | 6.83 |
| **Total Liabilities** | **0.91** | **6.83** |
| **Net identifiable assets acquired** | **18.50** | **139.72** |

***(c) Calculation of goodwill/ (Gain on bargain purchase)***

| Particulars | USD in Million | Rs. in Crores |
|---|---|---|
| Consideration transferred | 17.51 | 132.29 |
| Less: Net identifiable assets acquired | 18.50 | 139.72 |
| **Gain on bargain purchase** | **(0.99)** | **(7.43)** |

***(d) Acquired Receivables***

| Particulars | USD in Million | Rs. in Crores |
|---|---|---|
| Fair value of acquired trade receivables | 1.94 | 14.62 |
| Gross contractual amount for trade receivables | 1.94 | 14.62 |
| Contractual cash flows not expected to be collected | - | - |

***(f) Revenue and profit contribution***

The revenues and profits to the group for the period ended March 31, 2021 are as follows:

| Particulars | USD in Million | Rs. in Crores |
|---|---|---|
| Revenue | 14.78 | 109.70 |
| Profit/(Loss) before tax | (0.95) | (7.08) |

***(g) Acquisition costs charged to P&L***

Acquisition costs of Rs. 2.96 Crores (USD 0.40 million) were charged to Consolidated Statement of Profit and Loss for the period ended March 31, 2021 in relation to the acquisition under the head - Other expenses.

***(h) Purchase consideration - cash outflow***

| Particulars | USD in Million | Rs. in Crores |
|---|---|---|
| Net outflow of cash - investing activities | 17.51 | 132.29 |

**(ii) Acquisition of Convergence Chemicals Private Limited ('CCPL')**

The Company has acquired 51% stake in CCPL from PEL through business transfer agreement entered on October 06, 2020 (Refer note 52 (iii)). The Group had accounted the investment using equity accounting method.

On February 24, 2021,The Company has acquired balance 49% stake held by Navin Fluorine International Limited in CCPL for a cash consideration of Rs. 65.10 Crores. Post this acquisition, CCPL is a wholly owned subsidiary of the Company.

***(a) Details of purchase consideration***

| Particulars | Rs. in Crores |
|---|---|
| Consideration for additional stake | 65.10 |
| Fair value of previously held interest | 67.76 |
| **Total Purchase Consideration** | **132.86** |

***(b) The fair value of assets and liabilities recognised as a result of the acquisition are as follows:***

| Particulars | Rs. in Crores |
|---|---|
| **Assets** | |
| Property, Plant & Equipment | 164.75 |
| Capital Work in Progress | 0.04 |
| Intangible Assets | 0.33 |
| Right of use assets | 17.29 |
| Other financial assets- non current | 0.18 |
| Other non-current assets | 0.06 |
| Inventories | 15.28 |
| Trade receivables | 21.74 |
| Cash and cash equivalents | 10.42 |
| Bank balances other than above | 3.12 |
| Other Financial Assets- current | 0.03 |
| Other current assets | 3.25 |
| **Total Assets** | **236.49** |
| **Liabilities** | |
| Non- current borrowings | 51.50 |
| Lease liability- non current | 0.52 |
| Provisions- non current | 0.11 |
| Deferred tax liabilities | 8.10 |
| Current borrowings | 6.14 |
| Trade payables | 8.32 |
| Other financial liabilities | 22.15 |
| Lease liability- current | 0.19 |
| Other Current Liabilities | 3.07 |
| Provisions- Current | 0.90 |
| Current Tax Liabilities (Net) | 3.13 |
| **Total Liabilities** | **104.13** |
| **Net identifiable assets acquired** | **132.36** |

***(c) Calculation of goodwill***

| Particulars | Rs. in Crores |
|---|---|
| Consideration transferred | 132.86 |
| Add: Deferred tax liability recognised on Property, plant and equipment | 7.58 |
| Less: Net identifiable assets acquired | 132.36 |
| **Goodwill#** | **8.08** |

#Goodwill is not deductible for tax purpose

***(d) Acquired Receivables***

| Particulars | Rs. in Crores |
|---|---|
| Fair value of acquired trade receivables | 21.74 |
| Gross contractual amount for trade receivables | 21.74 |
| Contractual cash flows not expected to be collected | - |

***(e) Revenue and profit contribution***

The revenues and profits to the group for the period ended March 31, 2021 are as follows:

| Particulars | Rs. in Crores |
|---|---|
| Revenue | 8.80 |
| Profit/(Loss) before tax | (0.59) |

***(f) Acquisition costs charged to P&L***

Acquisition costs of Rs. * Crores were charged to Consolidated Statement of Profit and Loss for the period ended March 31, 2021 in relation to the acquisition of CCPL under the head - Other expenses.

***(g) Purchase consideration - cash outflow***

| Particulars | Rs. in Crores |
|---|---|
| Outflow of cash to acquire subsidiary | |
| Total value for 100% stake | 132.86 |
| Less : Previously held stake | (67.76) |
| **Net outflow of cash - investing activities** | **65.10** |

* below r/off norms adopted by group

**Piramal Pharma Limited**
**Notes to the Consolidated financial statements for the period ended March 31, 2021**

**(iii) Acquistion of pharmaceutical business from Piramal Enterprises Limited**

The Board of Directors ('Board') of the Company at their meeting held on June 26, 2020, had approved:
a. the Purchase of the pharmaceutical business ('Pharma Business') of the Holding Company 'Piramal Enterprises Limited', held by the Holding Company directly and through its wholly owned subsidiaries., by the Company.
b. issue of such number of securities of the company, representing 20% paid up share capital of the company on a fully diluted basis to CA Clover Intermediate II Investments (now known as CA Alchemy Investments) ("Carlyle"), an affiliated entity of CAP V Mauritius Limited, an investment fund managed and advised by affiliated entities of The Carlyle Group Inc for the strategic growth investment.

This transaction was successfully closed on October 6th, 2020 on receipt of requisite approvals. As a result, the Company received Rs.3,523.40 crores as consideration towards 20% equity investment from CA Alchemy Investments.

In accordance with Appendix C to Ind AS 103, the purchase of pharma business being a common control transaction (transaction between a holding company (Piramal Enterprises Limited) and the Company), is accounted for at the carrying values and the financial information has been drawn up with effect from March 4, 2020, being the date of incorporation of the Company. The difference between the carrying value of the net assets of the Pharma Business and consideration paid has been recognised in Capital Reserve.

| **Particulars** | | | **(Rs. In Crores)** |
|---|---|---|---|
| Assets | | | |
| Non-Current Assets | | | |
| -Property, Plant & Equipment | | 2,304.27 | |
| -Capital Work in Progress | | 253.84 | |
| -Goodwill | | 835.21 | |
| -Intangible Assets | | 2,565.57 | |
| -Intangible Assets Under Development | | 220.60 | |
| -Right of Use Asset | | 82.95 | 6,262.44 |
| Financial Assets: | | | |
| -Investments | | 238.68 | |
| -Loans | | 24.44 | |
| -Other Financial Assets | | 13.42 | 276.54 |
| Deferred tax assets (Net) | | | 177.81 |
| Other Non-Current Assets | | | 32.30 |
| Current Assets | | | |
| Inventories | | 1,091.57 | |
| Financial Assets: | | | |
| -Trade Receivables | | 963.02 | |
| - Cash & Cash equivalents | | 259.65 | |
| - Bank balances other than mentioned above | | 0.07 | |
| -Other Financial Assets | | 9.93 | |
| Other Current Assets | | 373.36 | 2,697.60 |
| Total Assets | **(I)** | | **9,446.69** |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities: | | | |
| - Borrowings | | 1,439.48 | |
| -Other Financial Liabilities | | 0.71 | |
| -Lease Liability | | 74.26 | 1,514.45 |
| Provisions | | | 62.62 |
| Other Non-Current Liabilities | | | 170.65 |
| Current Liabilities | | | |
| Financial Liabilities: | | | |
| - Borrowings | | 1,452.10 | |
| -Trade payables | | 644.01 | |
| -Other Financial Liabilities | | 251.53 | |
| -Lease Liability | | 5.74 | |
| Other Current Liabilities | | 91.69 | |
| Provisions | | 12.94 | |
| Current Tax Liabilities (Net) | | 43.71 | 2,501.72 |
| Total Liabilities | **(II)** | | **4,249.44** |
| Reserves taken over | | | |
| Net value of Assets and liabilities as on March 04, 2020 (I-II) | | | 5,197.25 |
| Less : Consideration in the form of cash | | | (4,302.00) |
| Less : Consideration in the form of Share Capital issued (refer note 15) | | | (185.00) |
| Add : Securities Premium issued on shares above adjusted against capital reserve (refer note 16) | | | 174.33 |
| Less: Deferred tax liability on acquistion | | | (159.01) |
| **Capital reserve on March 4, 2020** | | (A) | **725.57** |
| Less : Cash movement (including profit for the period March 4, 2020 to October 5, 2020 of Rs. 286.57 crores) not taken over | | (B) | (326.34) |
| **Amount Credited to Capital Reserve** | | **(A+B)** | **399.23** |

**53** The Group operates an incentive plan arrangement for certain employees of certain subsidiaries. The scheme provides a cash payment to the employees based on a specific number of phantom shares at grant and share price of Piramal Enterprises Limited, the ultimate parent company at the vesting date. The Cash payment is dependent on the performance of the underlying shares of Piramal Enterprises Limited and continued employment on vesting date. The fair values of the award is calculated using the Black Scholes model at the grant date. The fair value is updated at each reporting date as the awards are accounted as cash settled plan. The inputs to the models are based on the Piramal Enterprises Limited historic data, the risk free rate and the weighted average fair value of shares in the scheme at the reporting date. The amount expensed/ (reversed) in the current period relating to the plan is Rs. Nil. The Group considers these amount as not material and accordingly has not provided further disclosures as required by IND AS 102 "Share Based Payments".

**54** The Company has entered into an agreement on March 31, 2021 to acquire 100% stake in Hemmo Pharmaceuticals Private Limited ('Hemmo') for an upfront cash consideration of Rs.775 crores and earn-outs linked to achievement of milestones ('Acquisition'). Consequent to this Acquisition, Hemmo would become a wholly owned subsidiary of the Company. The transaction is subject to the completion of customary closing conditions and certain regulatory approvals.

**55** The financial statements have been approved for issue by Company's Board of Directors on May 11, 2021.

Signature to note 1 to 55 of the Consolidated financial statements.

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

| | |
|---|---|
| **Nandini Piramal**<br>Director<br>DIN:00286092 | **Rajesh Laddha**<br>Director<br>DIN:002228042 |
| **Vivek Valsaraj**<br>Chief Financial Officer | **Tanya DCosta**<br>Company Secretary |

Mumbai, May 11, 2021

## SECTION VI: LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there is no outstanding (i) criminal proceeding; (ii) action taken by regulatory or statutory authorities; (iii) claim related to direct and indirect taxes (in a consolidated manner); and (iv) other material civil litigation pertaining to the business of the Company whose outcome could have a material adverse effect on the position of our Company, in each case involving our Company, its Promoter and Directors. Further, except as disclosed in this section, there are no disciplinary actions including penalties imposed by SEBI or the Stock Exchanges against our Promoter in the last five financial years including any outstanding action.*

*All outstanding litigation, including any litigation involving our Company, its Promoter and Directors, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoter in the last five financial years including any outstanding action and tax matters (direct or indirect), would be considered 'material' if: (i) the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of Rs. 655.91 Crores, which is 10% of the consolidated revenue of the Company in accordance with the Code for Fair Disclosure of Information and Determination of Materiality policy adopted by the Company; or (ii) where monetary liability is not quantifiable, however, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects or reputation of the Company.*

### Litigation involving our Company

With effect from the Appointed Date, litigations involving the Demerged Undertaking whether pending on the Appointed Date or which were instituted any time thereafter, have continued to be prosecuted or enforced, as the case maybe, against our Company. Details of litigations involving the Company, are set forth below:

*Civil Litigation against our Company*

As of the date of this Information Memorandum, there are no material outstanding civil litigation instituted against our Company which involve a monetary liability of Rs. 655.91 crores or more, nor any outstanding litigation wherein monetary liability is not quantifiable, the outcome of which has a material bearing on the business, operations, performance, prospects or reputation of the Company.

*Civil Litigation by our Company*

As of the date of this Information Memorandum, there are no material outstanding civil litigation by our Company.

*Criminal Litigation against our Company*

Other than as disclosed below, as of the date of this Information Memorandum, there are no outstanding criminal litigation against our Company.

1. Pursuant to a fire incident at one of the Company's factories located at Ennore, the State of Tamil Nadu represented by Deputy Director, Industrial Safety and Health, Thiruvottiyur ("**Complainant**"), filed a complaint dated October 7, 2021 against the factory manager of our Company, under the Factories Act, 1948 before the Court of Chief Judicial Magistrate, Tiruvallur. Thereafter a quashing petition was filed by the factory manager on the grounds that the Complaint was filed without application of mind, there was no specific overt act attributed, it was barred by limitation, etc before the High Court of Madras, Madras Bench and the High Court of Madras had granted stay. The matter is currently pending.

*Criminal Litigation by our Company*

As of the date of this Information Memorandum, there are no outstanding criminal litigation initiated by our Company.

*Actions by statutory/ regulatory authorities against our Company*

Other than as disclosed below, as of the date of this Information Memorandum, there are no actions by statutory/ regulatory authorities against our Company.

1. The National Green Tribunal passed an order dated November 13, 2019 ("**NGT Order**") against our Company and imposed a penalty of Rs. 8.32 crores on our Company. Our Company filed an appeal before the National Green Tribunal (southern bench) against the NGT Order, which was allowed partially. Thereafter, our Company filed a special leave petition before the Supreme Court of India against the NGT Order, which was disposed pursuant to order dated October 8, 2021. Thereafter, the Company filed a review petition before the Supreme Court of India which was also dismissed pursuant to order dated July 18, 2022, and the Company is currently in the process of analysing, if a curative petition should be filed.

***Material Frauds against our Company***

There have been no material frauds committed against our Company in the five years preceding the date of this Information Memorandum.

**Proceedings initiated against our Company for economic offences**

As of the date of this Information Memorandum, there are no pending proceedings initiated against our Company for any economic offences.

***Statutory Dues***

As of the date of this Information Memorandum, there have been no: (i) instances of non-payment or defaults in payment of statutory dues by our Company, (ii) overdues to companies or financial institutions by our Company, or (iii) defaults against companies or financial institutions by our Company.

***Outstanding dues to creditors***

As of March 31, 2022, the total number of creditors of our Company was 2,081 and the total outstanding dues to these creditors by our Company was Rs. 294.52 crores.

**Litigation involving our Subsidiaries**

*Civil Litigation against our Subsidiaries*

As of the date of this Information Memorandum, there are no material outstanding civil litigation instituted against our Subsidiaries which involve a monetary liability of Rs. 655.91 crores or more, nor any outstanding litigation wherein monetary liability is not quantifiable, the outcome of which has a material bearing on the business, operations, performance, prospects or reputation of the Company or the relevant Subsidiary.

*Civil Litigation by our Subsidiaries*

As of the date of this Information Memorandum, there are no material outstanding civil litigation instituted by our Subsidiaries.

*Criminal Litigation against our Subsidiaries*

As of the date of this Information Memorandum, there are no outstanding criminal litigation against our Subsidiaries.

*Criminal Litigation by our Subsidiaries*

As of the date of this Information Memorandum, there are no outstanding criminal litigation by our Subsidiaries.

*Actions by statutory/ regulatory authorities against our Subsidiaries*

As of the date of this Information Memorandum, there are no pending actions by regulatory and statutory authorities against our Subsidiaries.

**Litigation involving our Promoter**

*Civil litigation against the Promoter*

As of the date of this Information Memorandum, there are no material outstanding civil litigation against our Promoter.

*Civil litigation by the Promoter*

As of the date of this Information Memorandum, there are no material outstanding civil litigation instituted by our Promoter.

*Criminal litigation against the Promoter*

Other than as disclosed below, as of the date of this Information Memorandum, there are no criminal litigation against our Promoter.

1. A complaint was filed by Loknath Ratnakar ("**Complainant**"), a former carrying and forwarding agent of PEL, before the Court of Judicial Magistrate First Class, Patna ("**JMFC**"), against PEL, its promoter director Ajay Piramal, its director Vijay Shah and certain officers of PEL, under certain sections of the Indian Penal Code, 1860 ("**IPC**"), including those pertaining to criminal breach of trust and alleged misappropriation of funds, on the grounds that notice of termination was issued to the Complainant. Thereafter, PEL and certain directors of PEL approached the High Court of Patna to quash the proceedings before the JMFC. Further, a petition filed under section 205 of Code of Criminal Procedure, 1973 ("**CRPC**") before the JMFC , for grant of permanent exemption from personal appearance of the directors of PEL was allowed. The matters are currently pending.

2. A complaint was filed by Loknath Ratnakar ("**Complainant**"), a former carrying and forwarding agent of PEL, in the Court of Chief Judicial Magistrate, Patna ("**CJM**"), against PEL its promoter director Ajay Piramal, its director Vijay Shah and certain officers of PEL, under certain sections of the Indian Penal Code, 1860 ("**IPC**"), on the grounds that PEL utilised the services of the Complainant to obtain a road permit, but has supplied products to another distributor instead of the Complainant. It was informed to us that the judicial file is not traceable and the matter is currently pending.

3. A complaint was filed by the State of Jharkhand, represented by the Inspector of Drugs, Palamau, in the Court of Chief Judicial Magistrate, Palamau ("**CJM**"), against Piramal Enterprise Limited ("**PEL**"), its promoter director Ajay Piramal, its directors, Dr. Swati Piramal, Nandini Piramal and Vijay Shah ("**Main Parties**") and certain officers of PEL, under the Drugs and Cosmetics Act, 1940 for misbranding. The CJM had passed an order to attach the property of PEL. Subsequently, the Main Parties filed petitions before the High Court of Jharkhand to quash the proceedings before the CJM. The High Court of Jharkhand passed an order with a direction that the CJM shall take no coercive step against PEL, its board of directors and officers. The matter is currently pending.

4. A first information report ("**FIR**") was filed against the management of Piramal Foundation including Ajay Piramal by ex-employee of Piramal Foundation, challenging her termination. While the matter was pending before the additional chief judicial magistrate, Lucknow ("**ACJM**"), a writ petition has been filed before the High Court of Allahabad, Lucknow Bench, challenging the FIR ("**High Court**"). The High Court has granted relief of protection against arrest. The police have filed a final report for closure before the ACJM and the writ petition has also been dismissed as infructuous by the High Court. The matter is currently pending before the ACJM.

5. A criminal complaint has been filed against top officials of Shriram Insurance Company Limited, before Chief Judicial Magistrate Katihar, Bihar ("**CJM**"). Ajay Piramal's name has been included erroneously in the complaint. He is neither the chairman nor member of the board of directors of Shriram Insurance Company Limited. The CJM, by order dated January 29, 2020 has exempted personal appearance of Ajay Piramal and other officials. A quashing petition against the complaint has been filed before the High Court of Patna.

6. In April 2018, the sub-divisional officer ("**SDO**") filed a complaint in the Magistrate's Court in Alibaug, against Ajay Piramal under section 15 of the Environment Protection Act, 1986 in relation to alleged unauthorised construction ("**Complaint**"). The criminal revision application in the Court of Addl. Sessions Judge, Alibaug was filed challenging the summons issued by the Magistrate court on the ground that the Complaint is not tenable as there is no case of illegal construction and that the Complaint should be dismissed. The proceeding before Magistrate is currently stayed.

*Criminal litigation by the Promoter*

As of the date of this Information Memorandum, there are no outstanding criminal litigation by our Promoter.

*Actions by statutory/ regulatory authorities against the Promoter*

Other than as disclosed below, as of the date of this Information Memorandum, there are no actions by statutory/ regulatory authorities against our Promoter.

1. SEBI had issued an order dated October 3, 2016 ("**SEBI Order**") with respect to PEL, Ajay G. Piramal, and other persons imposing an aggregate penalty of Rs. 6,00,000 (Rupees six lakhs only) in respect of certain technical non-compliances with the Model Code of Conduct prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992. On appeal, the SEBI Order was quashed by the Securities Appellate Tribunal vide its order dated May 15, 2019. This matter is currently closed.

**Litigation involving our Directors**

*Civil Litigation against our Directors*

As of the date of this Information Memorandum, there are no material outstanding civil litigation against any of our Directors

*Civil Litigation by our Directors*

As of the date of this Information Memorandum, there are no material outstanding civil litigation against any of our Directors.

*Criminal Litigation against our Directors*

As of the date of this Information Memorandum, there are no outstanding criminal litigation against any of our Directors except as specified hereunder:

1. A complaint was filed by the State of Jharkhand, represented by the Inspector of Drugs, Palamau, in the Court of Chief Judicial Magistrate, Palamau ("**CJM**"), against Piramal Enterprise Limited ("**PEL**"), its promoter director Ajay Piramal, its directors, Dr. Swati Piramal, Nandini Piramal and Vijay Shah ("**Main Parties**") and certain officers of PEL, under the Drugs and Cosmetics Act, 1940 for misbranding. The CJM had passed an order to attach the property of PEL. Subsequently, the Main Parties filed petitions before the High Court of Jharkhand to quash the proceedings before the CJM. The High Court of Jharkhand passed an order with a direction that the CJM shall take no coercive step against PEL, its board of directors and officers. The matter is currently pending.

*Criminal Litigation by our Directors*

As of the date of this Information Memorandum, there are no outstanding criminal litigation by any of our Directors.

*Actions by statutory or regulatory authorities against our Directors*

Other than as disclosed below, as of the date of this Information Memorandum, there are no actions by statutory/ regulatory authorities against our Directors.

For details, see "- *Litigation involving our Promoter - Actions by statutory/ regulatory authorities against the Promoter – (1)"* on page 345.

**Litigation involving our Group Companies**

Our Group Companies are not involved in any litigation which have a material impact on our Company.

*Tax claims*

Other than as disclosed below, as of the date of this Information Memorandum, there are no claims related to direct and indirect taxes, involving our Company, Directors, Promoter.

| Nature of case | Number of cases | Amount involved (in ₹ crores)* |
|---|---|---|
| ***Proceedings involving the Company*** | | |
| Direct Tax | 3 | 0.12 |
| Indirect Tax | 42 | 33.48 |
| ***Proceedings involving the Subsidiaries*** | | |
| Direct Tax | - | - |
| Indirect Tax | - | - |

| Nature of case | Number of cases | Amount involved (in ₹ crores)* |
|---|---|---|
| ***Proceedings involving the Directors*** | | |
| Direct Tax | - | - |
| Indirect Tax | - | - |
| ***Proceedings involving the Promoters*** | | |
| Direct Tax | - | - |
| Indirect Tax | 1 | 1.04 |

# OTHER REGULATORY AND STATUTORY DISCLOSURES

**Authority for Listing**

The NCLT, *vide* its order delivered on August 12, 2022, has approved the Scheme. Pursuant to the Scheme, the Demerged Undertaking of the Demerged Company has been transferred to and vested in our Company on and with effect from the Appointed Date, in accordance with Sections 230 to 232 of the Companies Act and applicable laws.

In accordance with the Scheme, the Equity Shares of our Company including the shares issued pursuant to the Scheme shall be listed and admitted for trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to fulfilment by the Company of the listing criteria of BSE and NSE and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application by our Company seeking listing.

**Eligibility Criteria**

There being no initial public offering or rights issue, the eligibility criteria in terms of the SEBI ICDR Regulations are not applicable. Pursuant to the SEBI Scheme Circular, our Company has filed an exemption application with the Stock Exchanges for exemption under Rule 19(7) of the SCRR, from the strict enforcement of the requirement of Rule 19(2)(b) of the SCRR for the purpose of listing of shares of the Company from SEBI.

The Company shall publish, an advertisement in one English and one Hindi newspaper each with nationwide circulation and one Marathi newspaper with wide circulation since the Registered Office of the Company is located in Mumbai, Maharashtra, containing details in accordance with the requirements set out in the SEBI Scheme Circular. The advertisement shall draw specific reference to the availability of this Information Memorandum on our Company's website.

**Prohibition by SEBI**

Our Company, Promoter, Directors, the persons in control of the Company and the persons in control of our Promoter are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoter, Directors or persons in control of our Company are promoter, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

None of our Directors are associated with securities market related business, in any manner and there has been no outstanding actions initiated by SEBI against our Directors in the five years preceding the date of this Information Memorandum.

Our Company, Promoter or Directors have not been declared as Wilful Defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on Wilful Defaulters issued by the RBI.

Our Promoter or Directors have not been declared as fugitive economic offenders.

**Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018**

Our Company and Promoter are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent applicable, as on the date of this Information Memorandum.

**Disclaimer of BSE**

A copy of this Information Memorandum has been submitted to BSE.

The BSE had through its letter dated April 20, 2022 issued to Demerged Company given its 'No Objection' in accordance with the provisions of the SEBI Listing Regulations and by virtue of that No Objection, BSE's name in this Information Memorandum has been used as one of the Stock Exchanges on which our Company's securities are proposed to be listed.

**Disclaimer of NSE**

A copy of this Information Memorandum has been submitted to NSE.

The NSE had through its letter dated April 20, 2022 issued to Demerged Company had given its 'No Objection' in accordance with the provisions of the SEBI Listing Regulations and by virtue of that No Objection, NSE's name in this

Information Memorandum has been used as one of the Stock Exchanges on which our Company's securities are proposed to be listed.

The approval given by NSE should not in any manner be deemed or construed that the Scheme has been approved by NSE. The NSE does not in any manner warrant, certify or endorse the correctness or completeness of the details provided by our Company and does not in any manner take any responsibility for the financial or other soundness of our Company, Promoters, management etc.

**General Disclaimer from the Company**

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements published in accordance with legal requirements mentioned in the SEBI Scheme Circular or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

**Listing**

An application has been made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of our Company. The Demerged Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the Equity Shares. The Company has taken steps for completion of necessary formalities for listing and commencement of trading at BSE and NSE.

**Outstanding debenture or bonds and redeemable preference shares and other instruments issued by our Company**

Apart from 2,000 unlisted non-convertible debentures amounting to Rs. 200 crores, there are no outstanding debentures, bonds or redeemable preference shares as of the date of this Information Memorandum.

**Stock Market Data for Equity Shares of our Company**

The shares of our Company are not listed on any stock exchanges. Through this Information Memorandum, our Company is seeking approval for listing of its Equity Shares on BSE and NSE.

**Disposal of Investor Grievances**

The Registrar and Share Transfer Agent may be contacted at the following email address in case of investors' grievances: rnt.helpdesk@linkintime.co.in

**Compliance Officer and Company Secretary**

The contact details of Tanya Sanish, our Company Secretary and Compliance Officer are as follows:

tanya.dcosta@piramal.com
Tel: +91 22 3802 3000

## SECTION VII: OTHER INFORMATION

## MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

**Authorised share capital**

The Authorised Capital of the Company is or shall be such amount as stated in Paragraph V of the Memorandum of Association of the Company, for the time being or as may be varied, from time to time, under the provisions of the Companies Act, 2013 and these Articles, and divided into such numbers, classes and descriptions of shares and into such denominations as stated therein.

**Alteration of capital**

Subject to the provisions of the Act, the Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such kind and/or such amount, as may be specified in the resolution.

Subject to the provisions of Section 61 of the Act, the Company may, by ordinary resolution:

a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

**Shares in the Capital of the Company shall be under the control of the Directors**

Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

**Forfeiture of Shares**

If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board of Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

**Lien**

a. The Company shall have first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of such Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all monies (whether presently payable or not) called or payable at a fixed time in respect of such.

b. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares.

c. Neither payment of dividend nor the registration of a transfer of shares shall operate as a waiver of the Company's lien if any, on such shares, except to the extent specifically waived or permitted by the Board The Board may at any time declare any shares wholly or in part to be exempt from the provisions of lien.

d. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made:

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

**Shares**

Subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes and other securities which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act. Likewise, subject as aforesaid, the Board shall also have the power to issue shares with differential rights. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the directors of the Company who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

**Transfer and transmission of shares**

a) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.
b) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

The Board may, subject to the provisions of the Act, decline to register:

a) the transfer of a share, if transfer of such share is prohibited by any order of any court, tribunal, or judicial authority; or
b) any transfer of shares on which the Company has a lien.

On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares. Any person becoming entitled to a Share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board of Directors elect either:

(a) to be registered himself as holder of the Share; or
(b) to make such transfer of the Share as the deceased or insolvent member could have made.

**Buyback**

Notwithstanding anything contained in these Articles but subject to the provisions of the Act or any other law for the time being in force, the Company may purchase its own Shares or other specified securities.

**Borrowing powers**

Subject to the provisions of the Act, the directors may either themselves pay or may from time to time at their discretion accepts deposits from member, either in advance of calls or otherwise and generally raise or borrow or secure payment of any sums of money for purposes of the Company. The payment or re-payment of such moneys may be secured in such manner and upon such manner and upon such terms and conditions in all respects as the directors may think fit and in particular by the issue of redeemable debentures or debenture stock of the Company or any mortgage or change or other security charged upon all or any part of the property of the Company, (both present and future) including its uncalled capital for the time being and other securities may be made assignable free from equities between the Company and the person to whom the same may be issued.

**General Meetings**

All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting. The Board of Directors may, whenever it thinks fit, call an extraordinary General Meeting. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the Meeting proceeds to business.

**Meetings of Directors**

a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

b) A director may, and the manager or secretary or any other person authorised by the Board in this behalf, shall, on the requisition of a director shall, at any time, summon a meeting of the Board.

c) Quorum for the Board meeting shall be as provided in the Act.

A meeting of the Board shall be called by giving not less than seven days' notice in writing to every director at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means, unless a meeting of the Board is called at shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at the meeting. In case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director, if any. In case the Company does not have an Independent Director, the decisions shall be final only on ratification thereof by a majority of the Directors of the Company, unless such decisions were approved at the Meeting itself by a majority of Directors of the Company.

In accordance with the Act, the participation of directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, which are capable of recording and recognising the participation of the directors and of recording and storing the proceedings of such meetings along with date and time.

**Managing Directors/ Whole-Time Director**

Subject to the provisions of the Act, the Board may from time to time appoint one or more directors to be managing directors or whole time directors for such terms, and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another) as it may think fit, and a director so appointed shall not, while holding that office, be subject to retirement by rotation. But his appointment shall be subject to determination *ipso facto* if he ceases from any cause to be a director of the Company or general meeting resolves that his tenure of office of managing director/whole time director be determined.

**Appointment of Directors**

Subject to the provisions of Section 149 and Section 161 of the Act, the Board shall have the power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board under these Articles. Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

Subject to the provisions of Section 161 of the Act, the Board shall have power at any time, and from time to time or by a resolution passed by the Company in general meeting, appoint a person, not being a person holding any alternate directorship for any other director in the Company (or holding directorship in the same company), to act as an alternate director for a director during his absence for a period of not less than three months from India:

Provided that no person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of this Act;

Provided further that an alternate director shall not hold office for a period longer than that permissible to the director in whose place he has been appointed and shall vacate the office if and when the director in whose place he has been appointed returns to India;

Provided also that if the term of office of the original director is determined before he so returns to India, any provision for the automatic re-appointment of retiring directors in default of another appointment shall apply to the original director, and not to the alternate director.

If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, in default of, and subject to any regulations in these Articles, be filled by the Board of Directors at a meeting of the Board which shall be subsequently approved by members in the immediate next general meeting.

Provided that any person so appointed shall hold office only up to the date up to which the director in whose place he is appointed would have held office if it had not been vacated.

If at any time the Company obtains any loans or any assistance in connection therewith by way of guarantee or otherwise from any person, firm, body corporate, local authority, or public body (hereinafter called "**the Institution**") debentures or debenture-stock and enters into any contract or arrangement with the Institution whereby the Institution subscribes for or underwrites the issue of the Company's shares or debentures or debenture-stock or provides any assistance to the Company in any manner whatsoever and it is a term of the relative loan, assistance, or contract or arrangement that the Institution shall have the right to appoint one or more director or directors ("**Nominee Directors**") to the Board of the Company, then subject to Section 152 and other provisions of the Act, and subject to the terms and conditions of such loan, assistance, contract or arrangement the Institution shall be entitled to appoint one or more Nominee Directors, as the case may be, to the Board of the Company, and to remove from office any director so appointed and to appoint another in his place or in the place a director so appointed who resigns or otherwise vacates his office. Any such appointment or removal shall be made in writing and shall be served at the office of the Company. The Nominee Director(s) so appointed shall neither be required to hold any qualification share nor be liable to retire by rotation and shall continue in office for so long as the relative loan, assistance, contract or arrangement, as the case may be, subsists or so long as the Institution holds any shares of the Company in terms thereof.

Carlyle shall have a right to nominate 1 (one) Director on the Board of Directors for so long as it continuously holds at least 10% (ten percent) of the equity share capital of the Company on a Fully Diluted Basis, provided that:

1. The aforesaid right shall be personal to Carlyle, and shall cease to be available in case of a change in ownership of equity shares of the Company held by Carlyle, whether directly or indirectly, including on account of a transfer of equity shares by Carlyle and/or a change in control of Carlyle; and

2. The right under this Article 64A, is subject to the approval of the shareholders of the Company by way of a special resolution, at a general meeting held once the equity shares of the Company are listed on the stock exchanges.

**Votes of Members**

Subject to the provisions of the Act, votes may be given either personally or by Proxy or, in the case of a body corporate, by a representative duly authorised under Section 113 of the Act. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

Subject to any rights or restrictions for the time being attached to any class or classes of shares, (i) on a show of hands, every member present in person shall have one vote; and (ii) on a poll, the voting rights of members shall be in proportion to his share in paid-up equity share capital.

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his Proxy to attend and vote instead of himself, but a Proxy so appointed shall not have any right to speak at the meeting.

No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of Shares in the Company have been paid.

**Dividend**

The Company in General Meeting may declare dividend and no dividend shall exceed the amount recommended by the Board. Subject to the provisions of the Act, the profits of the Company subject to any special rights relating to those to be created or authorized by these Articles and subject to the provisions herein shall be divisible among the shareholders in proportion to the amount of capital called upon the Securities held by them respectively.

Subject to the provisions of the Act, the Board may from time to time pay to the member such interim dividend as appear to it to be justified by the profits of the Company

No Dividend shall bear interest against the Company. All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the Dividend is paid; but if any Share is issued on terms providing that it shall rank for Dividend as from a particular date such Share shall rank for Dividend accordingly. The Board of Directors may deduct from any Dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares of the Company.

**Winding Up**

The Company may be wound up in accordance with the Act and the Insolvency and Bankruptcy Code, 2016 (to the extent applicable).

**Indemnity**

Every officer of the Company shall be indemnified out of the funds of the Company to pay all costs, losses and expenses (including travelling expense) which such officer may incur or become liable for or by reason of any contract entered into or act or deed done by him in his capacity as such officer or in any way in the discharge of his duties in such capacity including expenses.

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Registered Office of our Company between 11:00 a.m. to 1:00 p.m. on any day (except Saturday, Sunday and public holidays) from the date of filing of the Information Memorandum with the Stock Exchanges until the listing of Equity Shares on the Stock Exchanges:

- Memorandum and Articles of Association of the Company, as amended till date.
- Certificate of incorporation of our Company dated March 4, 2020
- Composite scheme of arrangement amongst PEL, the Company, CCPL, HPPL, PHL Fininvest Private Limited and their respective shareholders and creditors as approved by the NCLT on August 12, 2022.
- Certified copy of the order passed by the NCLT in Company Application No. CA(CAA) 119/MB/2022 pronounced on August 12, 2022, approving the Scheme.
- Letters issued by BSE and NSE under Regulation 37 of the SEBI Listing Regulations, bearing reference no. DCS/AMAL/TL/IP/2298/2022-23 dated April 20, 2022 and NSE/LIST/29207_II dated April 20, 2022 respectively, according 'no-objection' to the Scheme.
- Tripartite Agreement with NSDL, Registrar and Transfer Agent and the Company dated August 13, 2022.
- Tripartite Agreement with CDSL, Registrar and Transfer Agent and the Company dated August 04, 2022.
- Statement of tax benefits dated August 23, 2022 from Bansi S. Mehta & Co, Chartered Accountants.
- Business Transfer Agreement dated June 26, 2020 by and between PEL and the Company; and
- Shareholders' Agreement dated June 26, 2020 by and between PEL, CA Clover Intermediate II Investments and the Company.
- Securities Subscription Agreement dated June 26, 2020 between PEL, Carlyle and the Company
- Share Purchase Agreements 1 dated June 26, 2020 between PEL and the Company

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Information Memorandum are true and correct.

**BY ORDER OF THE BOARD OF DIRECTORS OF PIRAMAL PHARMA LIMITED**

**Vivek Valsaraj**

Executive Director and Chief Financial Officer

DIN: 06970246

Place: Mumbai

Date: September 5, 2022

PIRAMAL PHARMA LIMITED

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Information Memorandum are true and correct.

**BY ORDER OF THE BOARD OF DIRECTORS OF PIRAMAL PHARMA LIMITED**

PIRAMAL PHARMA LIMITED

**Tanya Sanish**

Company Secretary and Compliance Officer

Place: Mumbai

Date: September 5, 2022