Sai Life Sciences Limited

22nd Annual Report 2020-21

Contents

Corporate Information

Chairman & Whole-time Director

Dr K RANGA RAJU

Managing Director & Chief Executive Officer (CEO)

K KRISHNAM RAJU

Independent Directors

RAJAGOPAL S TATTA

NANDITA GURJAR

Directors

Dr RAJU A PENMASTA

Investor Directors

PUNEET BHATIA

MITESH DAGA

Chief Financial Officer

SIVARAMAKRISHNAN CHITTOR
(*appointed as Chief Financial Officer w.e.f. 1 July 2021*)

JAYANT BHALCHANDRA MANMADKAR
(*resigned as Chief Financial Officer on 1 July 2021*)

Company Secretary

RUNA KARAN

Manufacturing Facilities

UNIT-III

Survey No.296/7/3 &4, Bollaram, Jinnaram Mandal, Medak Dist

UNIT-IV

79-A, 79-B, 80-A, 80-B, 81-A and 82,
Kolhar Industrial Area, Bidar, Karnataka.

R&D Centres

UNIT-II

DS-4, DS-7 and DS-16, ICICI Knowledge Park, Turkapally Village, Shameerpet,
Ranga Reddy District.

UNIT-V

#2, Chrysalis' Enclave,
International Biotech Park Phase II, Hinjewadi, Pune.

Registered Office

Plot No. DS-7, IKP Knowledge Park, Turkapally Village, Shameerpet Mandal, Medchal-Malkajgiri Dist, Hyderabad - 500078, Telangana.

Corporate office

L4-06, SLN Terminus, Survey #133, Gachibowli Miyapur Road, Gachibowli, Hyderabad – 500032, Telangana

Auditors

Statutory Auditors
Deloitte Haskins & Sells LLP
Chartered Accountants

Internal Auditors

PricewaterhouseCoopers LLP
Chartered Accountants

Bankers

State Bank of India
IndusInd Bank
ICICI Bank
Standard Chartered Bank
Kotak Mahindra Bank
HDFC Bank

Subsidiaries

Sai Life Sciences Inc, USA
Sai Life Pharma Private Limited, India
Sai Life Drugform Private Limited, India

NOTICE OF 22nd ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of **Sai Life Sciences Limited** will be held on Thursday, the 30th day of September, 2021 at 10.30 AM (IST) at the Registered Office situated at Plot No. DS-7, IKP Knowledge Park, Turkapally Village, Shameerpet Mandal, Medchal-Malkajgiri District-500078, Hyderabad, Telangana to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone and Consolidated audited Financial Statements, such as Balance Sheet as at 31st March 2021. the Statement of Profit and Loss Account, Statement of changes in Equity and Statement of Cash Flows for the year ended as on that date, and the Report of the Directors and Auditors thereon.

2. To appoint a Director in place of Mr. K Krishnam Raju (DIN: 00064614) who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint a Director in place of Dr. Raju Penmasta (DIN: 00897301) who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

4. MAINTENANCE OF THE REGISTER OF MEMBERS AND OTHER STATUTORY REGISTERS, RETURNS AND RECORDS AT A PLACE OTHER THAN REGISTERED OFFICE OF THE COMPANY

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

"**RESOLVED THAT** pursuant to Section 94 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the shareholders be and is hereby accorded to keep and maintain the Register of Members, the Index of Members, other statutory registers and the copies of all annual returns and copies of certificates and other documents required to be annexed thereto at its office situated at # L4-06, SLN Terminus, Survey #133, Gachibowli Miyapur Road, Gachibowli, Hyderabad-500032, Telangana, India w.e.f. 30th September, 2021 instead of Registered Office of the Company."

RESOLVED FURTHER THAT any of the Director or Company Secretary of the Company be and is hereby severally authorised to do all such acts, deeds, matters and things as may be required from time to time for giving effect to the aforesaid resolution and matters related thereto".

By Order of the Board
For **Sai Life Sciences Limited**

Sd/-
Runa Karan
Company Secretary
Membership No.13721

Date: 02 September 2021
Place: Hyderabad

NOTES:

1. A Member, entitled to attend and vote at meeting, is entitled to appoint a proxy to attend and vote instead of himself.
2. The proxy need not be a member of the company. Proxy form duly completed should be deposited at the company's Registered Office at least 48 hours before commencement of the meeting.
3. Members / Proxies should bring the attendance slip sent herewith duly filled in, for attending the meeting.
4. The Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. All the documents referred to in this notice and explanatory statement will be available for inspection by the Members at the Registered Office of the Company between 10 AM and 5 PM on all working days from the date hereof up to the date of the meeting. The relevant documents referred to in the notice and explanatory statement will also be available for inspection by the members at the meeting.
6. Register of Directors and their shareholding Under Section 170 of the Companies Act, 2013 and the rules made thereunder and Register of Contracts maintained under Section 189 of the Companies Act, 2013 and the rules made thereunder are available for inspection at the registered office of the Company. Corporate members intending to send their authorized representatives to attend the Annual General Meeting pursuant to the provisions of Section 113 of Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution to the Company.
7. Statement pursuant to Section 102 of the Companies Act, 2013 is annexed.
8. Route Map has been Annexed with this Notice

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

Item No. 4:

Under the provisions of the Companies Act, 2013, ("the Act") certain documents such as the register of members and index of members – separately for each class of equity and preference shares, register of index of members, register and index of any other Security holders, Register of Renewed and Duplicate Shares / Securities Certificates, Register of ESOP, other statutory registers and copies of all annual returns prepared, together with the copies of certificates and other documents required to be required to be annexed thereto under Section 92 of the Act, and other related books, are required to be maintained at the registered office of the Company unless a special resolution is passed in a general meeting authorising the keeping of the register at any other place within city, town or village in which the registered office is situated or any other place in India in which more than one-tenth of the total members entered in the register of members reside.
In the interest of operational and administrative convenience, it is proposed to maintain the Register of Members, the Index of Members and copies of all annual returns and other statutory registers and other documents at the Company's office situated at # L4-06, SLN Terminus, Survey #133, Gachibowli Miyapur Road, Gachibowli, Hyderabad-500032, Telangana, India a place other that its registered office.

Approval of the Shareholders is required under Section 94 of the Companies Act, 2013 for effecting the change in the place at which the Register and Index of Members etc are to be kept.

The Board recommends the proposed special resolution to the members of the Company for their consideration and approval.

None of the Directors and the Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution of item No.4.

By Order of the Board
For **Sai Life Sciences Limited**

Sd/-
Runa Karan
Company Secretary
Membership No.13721

Date: 02 September 2021
Place: Hyderabad

Directors' Report

Dear Members,

Your Board of Directors have pleasure in presenting the Annual Report and Audited Accounts for the year ended 31st March, 2021.

Financial Highlights

(Rs in lakhs)

Particulars	For the year ended March 31			
	Consolidated		Standalone	
	2021	2020	2021	2020
Revenue from operations	75,989	72,551	75,146	72,536
Other income	2,728	1,783	2,729	1,783
Total Income	**78,717**	**74,334**	**77,875**	**74,319**
Total expenses	**70,525**	**63,426**	**69,117**	**62,911**
Profit before tax	**8,192**	**10,908**	**8,758**	**11,408**
Income tax expense	2,082	3,276	2,228	3,394
Profit after tax	**6,110**	**7,632**	**6,530**	**8,014**
Other comprehensive income	404	(416)	438	(441)
Total comprehensive income	**6,514**	**7,216**	**6,968**	**7,573**

Financial Overview

During the current financial year On Consolidated basis, your Company has registered a total income of Rs.78,717 lakhs, a growth of 5.90% as compared to the previous year. The profit after tax was Rs. 6,110 lakhs as against the Profit of Rs.7,632 lakhs as reported in the previous year.

On Standalone basis, your Company has registered a total income of Rs. 77,875 lakhs, a growth of 4.78% as compared to the previous year. The profit after tax was Rs.6,530 lakhs as against the Profit of Rs.8,014 lakhs as reported in the previous year.

Business Highlights

The Company offers its services through a combination of scientific talent, state of the art R&D and manufacturing infrastructure, high level commitment to safety & environment and compliant CGMP quality systems accredited by global regulatory agencies such as USFDA and PMDA. The large and growing addressable market for the small molecules together with the Company's proven capability in this space is expected to fuel the Company's growth in the near future.

Sai Life Sciences becomes first India-headquartered company to join Pharmaceutical Supply Chain Initiative (PSCI)
April 02, 2020

Sai Life Sciences, today announced its induction into the Pharmaceutical Supply Chain Initiative (PSCI) membership as an 'Associate Member'.
Welcoming Sai Life Sciences into its fold, a PSCI spokesperson said, "PSCI and its members are delighted to welcome Sai Life Sciences into membership, PSCI's first member with its main headquarters in India. We are pleased at their enthusiasm in embedding PSCI's Principles for Responsible Supply Chain Management into their practices, and see their addition to our membership as another heartening sign that responsible practices are gaining influence in a country that's important to many of our members' supply chains."

The PSCI is a non-profit business membership organization with a vision to establish and promote responsible practices that continuously improve pharmaceutical supply chains. All PSCI members are expected to support and incorporate the organization's core principles that encompass five areas of responsible business practices namely, ethics, labor, health and safety, environment, and management systems, into their supply agreements.
Responding to the announcement, Krishna Kanumuri, CEO & Managing Director said, "We at Sai Life Sciences are truly honoured to be inducted into the PSCI membership and join its esteemed league of companies. This step is a strong reaffirmation of our commitment to implement and champion responsible supply chain practices."

Sai Life Sciences has firmly adopted Sustainability as an integral part of its business and decision-making framework, shifting from a "compliance-oriented" approach to a more proactive one. It has undertaken several initiatives including setting up an online learning management system, adopting green chemistry principles in process development, building all new facilities as 'Green Buildings', sourcing renewable energy, improving employee health & safety through industrial hygiene programs and conducting community development programs on education and health care. The company's Sustainable Development Goals (SDGs) focus on minimizing its environmental footprint, strengthening diversity & inclusion, giving back to society and improving its supply chain.

Sai Life Sciences has been ISO certified (14001:2015 & 45001:2018) for its R&D and Manufacturing facilities, awarded Silver Medal in the EcoVadis CSR assessment, and rated '5-Star' for Excellence in EHS Practices at the CII-Southern Region awards 2019.

AAALAC International renews full accreditation to Sai Life Sciences for its laboratory animal care and use program
April 11, 2020

As a validation of our commitment to maintaining the highest standards in animal care and compliance with industry and regulatory guidelines, the Sai Life Sciences discovery facility in Pune recently received a renewed accreditation for its laboratory animal care and use program from AAALAC (Association for the Assessment and Accreditation of Laboratory Animal Care) International. The Council commended the Sai Life Sciences team for providing and maintaining an excellent program of laboratory animal care and use, specifically citing its well-planned, organized and clean facility, comprehensive documentation and organized record-keeping practices.

Sai Life Sciences was first awarded the AAALAC International accreditation in February 2011 and has been accredited ever since. The present renewal is for a further period of three years up to March 2023.

“We are delighted that AAALAC has granted us the extension of full accreditation. This endorsement is a validation of our abilities to accelerate the delivery of tomorrow's medicines for our clients.” said Dr. Sarma Bugga, Senior Vice President, Discovery Services at Sai Life Sciences.

AAALAC International is a private, non-profit organization that promotes the humane treatment of animals in science through voluntary accreditation and assessment programs. Over 1,000 companies, universities, hospitals, government agencies, and other research institutions in 49 countries have earned AAALAC accreditation, demonstrating their commitment to responsible animal care and use.

Sai Life Sciences joins the global ‘COVID Moonshot’ project
May 07, 2020

Sai Life Sciences, today announced its collaboration with the COVID Moonshot project that aims to deliver an antiviral drug candidate effective against COVID-19. With an in-kind contribution of a team of Medicinal Chemists and supporting infrastructure, Sai Life Sciences will help synthesize and profile analogues for NCEs and other previously known compounds tested for other viruses.

PostEra, a biotechnology company specializing in machine learning for drug discovery, is leading the initiative. Joining them are leading experts in the fields of computational drug discovery, chemical synthesis and biochemical assays. In the three months since its start in February this year, the team has already identified over 60 experimentally-confirmed ‘fragments’ that effectively target a key protein associated with COVID-19. It has now opened a crowdsourcing initiative to accelerate the design of potential drug candidates from these fragments and received over 4000 submissions from contributors around the world.

Welcoming Sai Life Sciences into the consortium, CEO of PostEra Aaron Morris, said, "We are immensely grateful for Sai Life Sciences’ contribution to this project. They are helping take the most promising crowdsourced ideas from the Moonshot platform and turning these ideas into chemical reality. It is generosity like this that gives us hope that this moonshot of a project could achieve something ground-breaking in our search for an effective COVID antiviral.”

Speaking about its participation in the project, CEO & Managing Director of Sai Life Sciences, Krishna Kanumuri said, “We are delighted to join this important global initiative. The consortium approach to finding treatments for patients in the fight against COVID-19 is a worthy cause and something that aligns very well with our purpose of working with partners to accelerate solutions for improving life.”

Over the past two decades, Sai Life Sciences has built up a portfolio of NCE Discovery services on the foundation of a strong chemical synthesis platform. The company today offers innovator biotechs and pharmaceutical companies the full spectrum of Discovery services from Target ID & Validation through till IND, in addition to a robust suite of capabilities across NCE development and cGMP manufacturing.

Sai Life Sciences opens new, state-of-the-art Research & Technology Centre in Hyderabad
August 15, 2020

Sai Life Sciences, today announced the inauguration of its new Research and Technology (R&T) Centre in Hyderabad, India. Sri K T Rama Rao, Hon'ble Minister for Industry & Commerce and IT, Government of Telangana formally inaugurated the facility in the presence of other dignitaries.

Speaking on the occasion, Sri KT Rama Rao said, "I'm very happy that the esteemed leadership of Sai Life sciences has considered Telangana for setting up their new R&D centre. Life Sciences is one of the key focus sectors for the Government of Telangana. Hyderabad serves more than 1000 global innovators in their vision to develop innovative and affordable medicines for the world. I sincerely congratulate the entire team of Sai Life Sciences, not only for the new Research & Technology Centre but, also for their work towards the development and manufacturing of new life saving medicines."

Built with an aspiration to achieve the best global benchmarks in lab infrastructure, the new R&T facility has several unique aspects such as intelligent & ergonomic lab design to enhance safety and productivity, advanced automation for seamless data capture during process development, lean & 5S approach to enhance productivity and collaborative workspaces for engendering innovation.

Making the announcement, Krishna Kanumuri, CEO & Managing Director of Sai Life Sciences said, "Our philosophy behind building this new facility was to go beyond what the norm is in India and to create what our global innovator partners expect in their inhouse capabilities." He further added, "We are an example of what is possible in Hyderabad's rich life sciences ecosystem. Today, as we build world class R&D capabilities and invest in nurturing talent with deep domain expertise, I can unhesitatingly say, Hyderabad is truly a city where pharma dreams are made."

The new 83,000 sq.ft. (7700 sq.m.) facility houses state-of-the-art research capabilities and advanced technology platforms, augmenting the company's capabilities in providing superior scientific solutions to its pharma and biotech innovator customers globally. It has 24 chemistry labs with 250 fume hoods, analytical labs, fully equipped technology suite and a dedicated process safety lab.

Sai Life Sciences began a process of organizational transformation in 2019 reinventing itself as a new generation global CDMO. Through this initiative, named Sai Nxt, the company is investing over US$ 150M (> INR 1000 Cr) to expand and upgrade its R&D and manufacturing facilities, induct top-notch global scientific and leadership talent, strengthen automation and data systems, and above all raise the bar for safety, quality and customer focus.

Sai Life Sciences joins the ACS Green Chemistry Institute Pharmaceutical Roundtable
August 26, 2020

Sai Life Sciences today announced its induction to the ACS Green Chemistry Institute Pharmaceutical Roundtable (ACS-GCIPR) as an 'Associate Member'. The company has been committed to increasing the adoption of Green Chemistry principles in its process development and instituted its inaugural 'Green Chemistry Awards' last year, to recognize and celebrate teams that make notable contributions towards greener processes. Joining the ACS-GCIPR will allow the company to interact with large pharma and other CDMOs to further share and develop best practices in Green chemistry and sustainability Welcoming Sai Life Sciences into its fold, an ACS-GCIPR spokesperson said, "The ACS GCI Roundtable is delighted to welcome Sai Life Sciences into its membership. As one of a few CDMO companies in our membership, their enthusiasm in catalysing the integration of green chemistry and engineering in the pharmaceutical industry is another heartening sign that adoption of Green

Chemistry principles is indeed gaining momentum. We look forward to their active participation in the important work of the roundtable.”

Established in 2005 by the American Chemical Society’s Green Chemistry Institute, the Pharmaceutical Roundtable’s activities are driven by the shared belief that green chemistry and engineering is imperative for business and environmental sustainability. Its member companies come together to catalyse innovative approaches to improving process efficiency and product quality through green chemistry and engineering.

Over the past 18 months, Sai Life Sciences has made several enhancements to its HSE practices as part of the org-wide transformation initiative, Sai Nxt. Earlier this year, it became the first India-headquartered company to join the PSCI membership. The company also received 5-Star rating for Excellence in EHS Practices at the Confederation of Indian Industry (CII) South awards 2019. It operates a Zero Liquid Discharge cGMP manufacturing site in Bidar, India and has achieved zero waste to landfill.

Sai Life Sciences receives the 21st National Award for Excellence in Energy Management 2020
September 04, 2020

Sai Life Sciences won the prestigious 21st National Award for Excellence in Energy Management 2020 hosted by CII - Sohrabji Godrej Green Business Centre, for its Manufacturing facility in Bidar, Karnataka.
It was recognized as an “Energy Efficient Unit” under the ‘General Sector’ category for driving energy-efficient and sustainable practices to reduce CO2 gas emissions year-on-year, while generating costs savings. From a total of 380+ companies that participated in the awards, 252 were shortlisted as being eligible to compete and the top 90 companies were recognized as 'Energy Efficient Units'.
Expressing his happiness on this achievement, Vasanthamurugesh, Senior Vice President, Manufacturing said, “These energy awards are inspiring our engineers and utility managers to think ‘out-of-the-box’ and come up with innovative solutions in energy conservation and management.” He also congratulated his team including Surya Prakash, Head of Engineering, Sanjay Kumar Mudda, Assistant General Manager, Process Engineering, and VenuGopal Chary, Manager Process Engineering, for their significant contribution in the success of the energy efficiency projects.
The National Award for Excellence in Energy Management is a credible and respected platform for organizations that are making notable contributions in the area of energy efficiency to showcase their accomplishments. It aims to recognize and reward excellence in energy management, facilitate the sharing of best practices and technologies among the industrial units, and to instil a culture of innovation to help all sectors achieve world-class energy efficiency standards.
This recognition for Sai’s Bidar Manufacturing facility is the third in a string of achievements this year, including the 5-Star Rating for Excellence in EHS Practices at the CII-South EHS excellence awards and the Golden Peacock National Quality Award 2020.

Sai Life Sciences expands suite of cellular analysis platforms in Cambridge, MA
September 10, 2020

Sai Life Sciences today announced the addition of state-of-the-art cellular analysis platforms at its Discovery Biology facility in Cambridge, Massachusetts, USA.
Coinciding with its first anniversary in Cambridge, the expanded suite of capabilities include the Opera Phenix high content screening platform, FACSCelesta flow cytometer and FACSMelody flow sorter, enabling it to better serve start-up and biotech companies in the region, especially in projects exploring novel biology in oncology, neuroscience and rare diseases.

Over the past year, the lab has delivered a range of projects including genetic and pharmacological target validation studies, reagent validation, and developed a variety of assays for its clients, such as cellular target engagement assays and in vitro biomarker assessments.

Describing their experience of working with Sai Life Sciences, Founder & CEO of Auron Therapeutics, Dr Katherine Yen said, “Not only do they perform carefully executed experiments and deliver the data in a timely manner, their technical expertise contributed to the experimental design and interpretation of the results which enabled us to rapidly generate critical data for our drug discovery programs"

Echoing a similar sentiment, Co-Founder & Director of R&D of Eikonizo Therapeutics, Al Schroeder said, “The Sai team was quick to develop a workplan and kick-off the experiments to address our assay development needs, and their presence in Cambridge really expedited the project. We’ve been very happy with their rigor and speed and we will definitely continue to work with them.”

Located in the heart of the Cambridge/Boston biotech ecosystem, Sai’s 8,500 square feet lab in Kendall Square creates opportunities for local biotechs to have frequent face-to-face collaboration with Sai scientists, and to accelerate the pace of their externalized research by reducing cycle-times. The exploratory focus of the lab allows clients to externalize complex biology projects that necessitate more fluid experimental design with real-time decision making. Complementing the team in Cambridge is a larger biology team in India that works in tandem to present clients an optimal solution in terms of speed, cost and talent.

Speaking about the company’s plans, CEO & Managing Director of Sai Life Sciences, Krishna Kanumuri said, “We are committed to helping our clients successfully advance their internal discovery portfolios and are investing considerable resources to provide world-class service in the Boston area. These new capability additions are just the latest in our strategic growth plan with significant additional capabilities coming soon.”
The Cambridge lab serves as a vital bridge, enabling seamless integration with rest of the company’s service offerings across UK and India, spanning the drug discovery and development continuum including medicinal chemistry, DMPK and toxicology, process chemistry and analytical development, and commercial scale manufacturing.

Sai Life Sciences opens representative office in Tokyo, Japan
November 20, 2020

Sai Life Sciences announced the opening of its representative office in Tokyo, Japan. The new office will serve as base for the company’s outreach to innovator pharmaceutical and biotech companies in Japan and other countries in the Asia Pacific region. A seasoned industry specialist, Mr. Junjiro Sato has been appointed as Representative Director to be based in Tokyo and spearhead the efforts.
Sai Life Sciences will be participating in the PharmaLab Expo Tokyo (held inside INTERPHEX Week) during Nov 25-27, 2020 to create awareness about its unique service offerings across drug discovery, development and commercialization.

Sai Life Sciences already has a significant connection with the Japanese market. It was the launch site for commercial API supplies of an NCE to Japan and has supplied over 10 tonnes of API with batch sizes of 50 Kg to 150 Kg scale over the past 4 years. It also is a supplier of registered starting materials for two other commercial APIs. From a Discovery perspective, the company has helped several biotech and pharma companies advance programs from HIT to lead optimization/ candidate stage, through its chemistry, biology and DMPK services.

Over the past two decades, Sai Life Sciences has served a diverse set of NCE development programmes, consistently delivering value based on its quality and responsiveness. It has a 100% successful track record of regulatory inspections across its R&D and manufacturing facilities from both FDA and PMDA. Today, it works with 7 of the top 10 large pharma companies, in addition to several small and mid-sized pharma & biotech companies. It has over 2000 employees across its facilities in India, UK and USA.

Coinciding with its 20th anniversary in 2019, the company announced Sai Nxt, an organisation-wide initiative aimed at transforming itself into a new generation CRO-CDMO. Guided by insights and feedback from customers, it is investing over US$150M to significantly expand and upgrade its R&D and manufacturing facilities, deepen scientific capabilities, strengthen automation and data systems, and above all raise the bar for safety, quality and customer focus.

Sai Life Sciences releases its first Sustainability Report
December 14, 2020

Sai Life Sciences announced the release of its first Sustainability Report as per the Global Reporting Initiative (GRI) standards. The report sheds light on the company's progress during 2019-20 across the three pillars of sustainability i.e. economic, environment and social.
Making the announcement, Krishna Kanumuri, CEO & Managing Director said, "I am delighted to present our inaugural, 2019-2020 Sustainability Report. It reflects our deep commitment towards sustainability, in our pursuit of bringing new medicines to life. It also is a reaffirmation of our promise to Make it better together with all stakeholders, which functions as a key driver in continuously refining our sustainability practices and achieving business growth responsibly."

The report highlights the company's progress on all issues that are critical for its business and stakeholders. It details the various initiatives driving the company's progress towards its stated sustainable development goals. During the year, Sai Life Sciences surpassed its goals for the responsible disposal of hazardous waste and its community outreach programs. It also is steadily progressing towards utilizing renewable power to meet its energy needs. It instituted the 'Green Chemistry Awards' to celebrate and recognize teams that demonstrate discernible improvements over established processes. The full report can be viewed here.

Speaking on the occasion, Sreekrishna Chopperla, Vice President & Head – Corporate Health, Safety & Environment said, "Over time, we have been able to inculcate in our employees an innate mindset towards sustainability. This enables our progress towards the sustainability development goals each day. We will continue to follow this path as we expand and grow, keeping sustainable development at the core." The release of the 2020 Sustainability Report caps a highly productive year for Sai Life Sciences from a sustainability perspective. Some of the highlights:

• Became the first India-headquartered company to join the PSCI membership.
• Received the ISO 14001:2015 and ISO 45001:2018 certifications for its R&D facility, manufacturing site and corporate office.
• Joined ACS Green Chemistry Institute Pharmaceutical Roundtable (ACS-GCIPR) as an 'Associate Member'.
• Won the prestigious 21st National Award for Excellence in Energy Management 2020 by CII - Sohrabji Godrej Green Business Centre
• Received 5-Star rating for Excellence in EHS Practices at the Confederation of Indian Industry (CII) South awards 2019.

Further, through its proactive response to the COVID-19 pandemic, the company ensured minimal impact on its stakeholders and business operations by safeguarding workforce, ensuring business continuity with its supplier and customers, and supporting the community.

Double distinction for Sai Life Sciences at the 2021 ATD Excellence in Practice awards
December 18, 2020

Sai Life Sciences won two awards at the prestigious 2021 Association for Talent Development - Excellence in Practice (ATD-EIP) awards. The company was recognized in categories of 'Learning Technologies' and 'Change Management' through a blind selection process from entries received worldwide.

Globally, the annual ATD-EIP awards are highly regarded in the sphere of Training/ Learning /Talent Development functions across industries. This was the first time Sai Life Sciences participated in these awards. As 2021 EIP winners, it will hold a place in ATD official website for next 5 years.

The ATD's Excellence in Practice program recognizes organizations whose practices have demonstrated clear and measurable results and possess many elements of award-winning effort. Our success at these awards have been on account of our LMS implementation strategies, in-house audio-visual SCORM training modules and the corresponding results, and on how quickly and effectively we adopted new electronic system (LMS) for training. This recognition is a testimony to our focus on learning and development.

Sai Life Sciences announces plans to double headcount and expand capabilities in Manchester, UK
January 28, 2021

Sai Life Sciences announced plans to double its headcount and expand its suite of technical capabilities at its Manchester site, a centre of excellence for API process and analytical development serving an expanding list of global clients.

Making the announcement, Krishna Kanumuri, CEO & Managing Director, Sai Life Sciences said, "We are truly heartened by our customers' response to our Manchester site. The site serves as a vital bridge to our pilot and manufacturing facilities in India, enabling seamless integration with the rest of our service offerings across the USA and India, spanning the drug discovery, development, and commercialization continuum. This expansion will further enhance our ability to add value to the NCE pipelines of our customers."

The Sai Life Sciences' Manchester site became fully operational in August 2020 despite challenges posed by the pandemic, on-boarded 24 members of staff and has since delivered multiple projects involving complex chemistry. With a growing interest from customers across the UK, Europe and US, the present expansion involves an increase in capacity from 20 to 75 fume cupboards and an increase in headcount from 24 to 50+ scientists. A further expansion will see the addition of a GMP Kilo Lab later in 2021. The company has recently commenced recruitment for multiple positions across API process and analytical research & development, particle sciences and engineering. The current list of open positions can be viewed here.

Located in the heart of the Alderley Park life-sciences ecosystem, Sai Life Sciences' Manchester site creates opportunities for UK and EU based pharma companies and biotech's to have easier face-to-face collaboration with its scientists, and to provide easier collaboration with US based clients due to reduced time zone differences. The center of excellence is well-positioned to provide world-class development, scale-up and technology transfer to the Indian sites as and when required. This new expansion will also add capability in a number of key areas including process analytical technology (PAT), crystallization development and physical properties analysis.

Sai Life Sciences is currently in the midst of an organization-wide transformation. As part of the Sai Nxt initiative, it is investing over US$150 million between 2019 and 2023 across three core areas – people & culture, processes & automation, infrastructure & scientific capabilities.

Sai Life Sciences opens new clean room block at its manufacturing campus
March 24, 2021

Sai Life Sciences announced the opening of a new Clean Room block at its cGMP API & Intermediate Manufacturing campus in Bidar, India.

Making the announcement, Krishna Kanumuri, CEO & Managing Director of Sai Life Sciences said, "Over the last two years we have been seeing an increase in projects involving commercial products, not just for regulatory starting materials and intermediates, but also final drug substances. This addition of latest generation clean rooms to our facilities expands our capacity while adding versatility to help serve the diverse needs of our customers."

A notable aspect across all of the company's infrastructure expansion over the past two years has been to make all new facilities uniformly capable of handling containment down to 1µg/m3. The new 8,500 sq. ft. Clean Room block is the newest addition to this list. Located in the Bidar Manufacturing Campus of the company, it has the following features:

• Four ISO-8 (Class 100,000) Clean Rooms operating at containment level of 1µg/m3 across the operation
• Four parallel crystallizer lines with complete segregation of AHU
• Five versatile dissolution reactors capable of handling various reactions, including if crystallization step is in situ with reaction
• Latest generation Wonderware automation which allows fine ramp control / distillation control to handle critical cooling crystallization and evaporative crystallization
• Versatile sizes of filtration, drying equipment (Filter dryers, Peeler centrifuge, Nauta dryer)
• Various material of construction (SS316, Hastelloy and Glass-lined).
• Separate line for size reduction.
• "Bubble design" with separate gowning / de-gowning areas and airlocks to enable multi-product handling.

Sai Life Sciences manufacturing facility achieves 5-star rating at CII-SR EHS Excellence Awards
March 26, 2021

Sai Life Sciences today announced that its flagship manufacturing facility in Bidar, Karnataka received a 5-star rating for excellence in EHS practices at the 13th edition of the Confederation of Indian Industry's (CII-SR) EHS Excellence Awards. This is the second consecutive year that the site is achieving this recognition.

Receiving the award on behalf of Sai Life Sciences, Sreekrishna Chopperla, Vice President & Head – Corporate Health, Safety & Environment said, "At Sai Life Sciences, we go the extra mile in ensuring employee safety and environment protection, both by designing world-class facilities as well as in sustaining them through robust processes. We're truly honoured to receive this recognition and consider it a responsibility to uphold sustainable HSE practices in everything we do."

The Bidar manufacturing facility of Sai Life Sciences has been on a path of significant expansion with the site production capacity growing from 230KL in 2017 to 400KL today and on course to be 600KL by the end of

2021. Along the way it has ensured stringent safety, quality and environmental controls. Here are some of the highlights:

• Zero Liquid Discharge facility.
• Achieved zero waste to landfill
• Advanced containment systems capable of minimizing chemical exposure below 1 µg/m3
• In-house capability for monitoring chemical exposure, heat stress, personal noise dosimetry to personnel

More details about the company's HSE practices can be viewed in its Sustainability Report 2020.
This recognition comes on the back of a highly successful year from a Sustainability perspective. Some of the highlights:

• Became the first India-headquartered company to join the PSCI membership.
• Received the ISO 14001:2015 and ISO 45001:2018 certifications for its R&D facility, manufacturing site and corporate office.
• Joined ACS Green Chemistry Institute Pharmaceutical Roundtable (ACS-GCIPR) as an 'Associate Member'.
• Won the prestigious 21st National Award for Excellence in Energy Management 2020 by CII - Sohrabji Godrej Green Business Centre
• Released its first Sustainability Report 2019-20 as per the GRI framework

Further, through its proactive response to the COVID-19 pandemic, the company ensured minimal impact on its stakeholders and business operations by safeguarding workforce, ensuring business continuity with its supplier and customers, and supporting the community.

Sai Life Sciences Wins Golden Peacock National Training Award 2021
July 26, 2021

Sai Life Sciences today announced that it has been honored with the Golden Peacock National Training Award 2021 in the pharmaceutical category. This is the second consecutive Golden Peacock Award for the company following the Golden Peacock National Quality Award it received in 2020.

Making the announcement, Chief Quality Officer of Sai Life Sciences, Dr M Damodharan said, "Being in a knowledge-intensive industry, we foster the skills and competencies of our people through best-in-class L&D practices spanning holistic training, systematized governance, and user convenience. But it is the willingness with which our associates adopted the online training system that has allowed us to sustain superior compliance standards of over 99.5% in the last two years. I dedicate this this prestigious recognition to all Saimers."

Golden Peacock Awards are the most coveted awards for corporate excellence in India organized every year under the aegis of the Institute of Directors, India. A grand jury under the chairmanship of Hon'ble Justice M. N. Venkatachaliah, former Chief Justice of India and former Chairman, National Human Rights Commission of India and National Commission for Constitution of India Reforms, had received 311 applications this year out of which 147 applications were shortlisted for various categories of awards including Business Excellence, Innovative Product/Service and Quality.

Earlier this year, Sai Life Sciences won two awards at the prestigious, US-based Association for Talent Development – Excellence in Practice (ATD-EIP) awards 2021 in categories of 'Learning Technologies' and 'Change Management'. The company has mapped the learning needs of over 100 unique roles across the organization and provides holistic training across quality, technical, safety, soft skills and more, with interactive audio-visual resources delivered through a robust learning management system.

Over the past three years, the company has invested US$100M to expand and upgrade its R&D and manufacturing facilities, induct top-notch global scientific and leadership talent, strengthen automation and data systems, and above all raise the bar for safety, quality and customer focus. With over two decades of experience in advancing its clients' drug discovery programmes and recent transformational investments, the company is today poised to play a more significant role in accelerating the discovery, development, and manufacturing of complex small molecules for innovator pharma and biotech companies.

The company's commitment to best practices of sustainability and principled governance have been recognized with an award at the prestigious 21st National Award for Excellence in Energy Management 2020 by CII – Sohrabji Godrej Green Business Centre, and a 5-Star rating for Excellence in EHS Practices at the Confederation of Indian Industry (CII) South awards 2019.

Sai Life Sciences opens new Discovery Biology facility at its integrated R&D campus in Hyderabad, India
August 18, 2021

Sai Life Sciences, a leading global Contract Research, Development & Manufacturing Organization (CRO-CDMO) announced the opening of a new biology facility at its integrated R&D campus in Hyderabad, India. The facility marks an important milestone in the journey of positioning itself as a differentiated player in Discovery Biology.

Making the announcement, CEO & Managing Director of Sai Life Sciences, Krishna Kanumuri said, "The new facility marks the culmination of a journey we began two years ago, of creating differentiated value for our discovery clients through an integrated delivery model across Boston and Hyderabad. By bringing the best of talent, technology, complementary services and efficiency we are confident of bringing unique value to our clients and are keen to take on integrated discovery mandates, at scale."

Continuing with the company's aggressive growth in its biology services, the new state-of-the-art facility houses expanded in vitro and in vivo biology services, DMPK, toxicology and a vivarium. In this new facility Sai Life Sciences is augmenting both, its capabilities and capacity, to deploy cutting-edge platforms and technologies for accelerating integrated drug discovery programs.

Boston-Hyderabad integrated delivery model
Sai Life Sciences has been steadily growing its biology capabilities to complement its strong foundation in medicinal chemistry, DMPK and toxicology for supporting its customers across the entire drug discovery journey from target ID and validation to IND. In 2019, the company opened its first international R&D facility with a biology lab in Boston, USA. The Boston Biology Lab is designed to offer start-up and biotech companies in the region biology services to address exploratory and custom biology needs.

The company's integrated delivery model for Biology aims to provide its clients an optimal solution in terms of expertise, speed, and cost. In this model, critical exploratory work involving close hand-in-hand collaboration with clients is done at the Boston lab, following which, established assays are tech transferred to Hyderabad for greater throughput. A seamless and rapid technology transfer across sites is achieved through a unified global organization and matching infrastructure across both sites. Encouraged by the initial success with the Boston-Hyderabad integrated model, the company plans to expand its capacity at both locations in the coming months. The company's discovery services support a wide range of global innovator companies from start-ups to large pharma companies, across a diverse set of therapeutic areas including oncology, CNS, antivirals, and inflammation among others. With a strong track record of enduring customer relationships averaging 10+ years, Sai Life Sciences has advanced 35+ programs to different clinical phases (IND to Phase-III) with the average turnaround time from Hit/Lead to Candidate being 18 months.

The opening of the new biology block in Hyderabad culminates the company's journey of unifying Its discovery, early & late phase development and clinical supply capabilities in a single 13-acre campus housing over 1000 scientists, delivering integrated value at scale.

Sai Life Sciences wins Gold at the Brandon Hall Group Excellence Awards 2021
August 20, 2021

Sai Life Sciences won the Gold Award in Brandon Hall Group Excellence Awards under the "Best Advance in Learning Technology Implementation" category.

Standing tall amongst leading global companies like Pfizer, Abbvie, Boehringer, Merck, Takeda, and others, Sai Life Sciences was honored with this award for its consistent innovation in developing the industry's best learning management system.

As per the citation provided by the organizers, "Sai Life Sciences Limited is honored with a Gold Award for its "Sai Gurukul" initiative, a combination of advanced learning technologies, that caters to the learning needs of over 2,000 employees of Sai. "Sai Gurukul" helped the organization in governing over 460,000 assignments over the last 20 months, achieving >99.5% annual training compliance for 2019 and 2020."

Brandon Hall Group Excellence Awards is the most prestigious awards program in the industry. Often called the "Academy Awards" by Learning, Talent, and Business Executives, the program was one of the first of its kind when it debuted in 1994. The awards recognize the best organizations that have successfully developed and deployed programs, strategies, modalities, processes, systems, and tools that have achieved measurable results across various categories.

This year Brandon Hall Group Excellence awards received the highest number of applicants in 28 years of awards' history, signifying the growing prominence of these prestigious awards across various categories. The entries were evaluated by an international panel of independent industry experts, Brandon Hall Group senior analysts, the judging was based on the following criteria: fit the need, design of the program, functionality, innovation, and overall measurable benefits.

The award winners will also be honored during the formal dinner and gala celebrations at HCM Excellence Conference 2022, Feb. 1-3, 2022. Earlier this year, Sai Life Sciences won two awards at the prestigious, US-based Association for Talent Development – Excellence in Practice (ATD-EIP) awards 2021 in categories of 'Learning Technologies' and 'Change Management. It also won the Golden Peacock National Training Award from the Institute of Directors, India.

Sai Life Sciences becomes a signatory of the United Nations Global Compact (UNGC)
August 26, 2021

Sai Life Sciences announced that it has become a signatory of the United Nations Global Compact (UNGC), the world's largest sustainability initiative. As a signatory, Sai Life Sciences has committed itself to adopting the Ten Principles of the UNGC on human rights, labour, environment and anti-corruption, reinforcing the company's commitment to corporate responsibility and sustainability.

Making the announcement, Krishna Kanumuri, CEO & Managing Director said, "As we pursue our vision and business growth, we consciously integrate our social, environmental and governance responsibilities. We have committed ourselves to implement Ten Principles of the UNGC and to make them part of the strategy, culture and day-to-day operations of our company. This will help us in strengthening our sustainability agenda and also accelerate our progress towards achieving our Sustainable Development Goals (SDGs)."

Over the past two years, Sai Life Sciences has made significant investments and progress in advancing its Sustainability agenda as part of its organizational transformation initiative, Sai Nxt. Some of the notable highlights:
· Became the first India-headquartered company to join the PSCI membership.
· Joined ACS Green Chemistry Institute Pharmaceutical Roundtable (ACS-GCIPR) as an 'Associate Member'.
· Released its first Sustainability Report in 2020 in line with the GRI framework
· Received the ISO 14001:2015 and ISO 45001:2018 certifications for its R&D and manufacturing sites.
· Won the prestigious 21st National Award for Excellence in Energy Management 2020 by CII - Sohrabji Godrej Green Business Centre
· Received 5-Star rating for Excellence in EHS Practices at the Confederation of Indian Industry (CII) South awards 2019 and 2020

Sai Life Sciences wins GSK's Environmental Sustainability Supplier award 2021 in the 'Primary Manufacturing' category
August 30, 2021

Every year, GlaxoSmithKline (GSK) organizes the Environmental Supplier awards to recognize its suppliers' contribution to environmental sustainability. Now in its 8th year, the platform has grown to become a prestigious forum for recognizing superior environmental sustainability practices across the company's global value chain, with growing participation from several of its direct and indirect suppliers.

At its first ever participation in the awards, Sai Life Sciences won the Environmental Supplier award 2021 in the 'Primary Manufacturing' category. It won the award for effectively embedding green chemistry principles in its approach to process development, which will impact multiple projects towards greener manufacturing.

Maureen Kocisko, a GSK representative said, "Our judges were highly impressed with the good practice and commitment to sustainability from the Sai team. Working with our suppliers to improve their own environmental footprint is a key contributor to our 2030 goal to be carbon net zero and nature net positive."
This recognition marks another important milestone in Sai Life Sciences' journey of transforming its EHS practices in-line with the best-in-class global practices. The Company has made significant investments and progress in advancing its Sustainability agenda as part of its organizational transformation initiative, Sai Nxt.

Some of the notable highlights:
- Became the first India-headquartered company to join the PSCI membership
- Joined ACS Green Chemistry Institute Pharmaceutical Roundtable (ACS-GCIPR) as an 'Associate Member'.
- Released its first Sustainability Report in 2020 in line with the GRI framework
- Received the ISO 14001:2015 and ISO 45001:2018 certifications for its R&D and manufacturing sites.
- Won the prestigious 21st National Award for Excellence in Energy Management 2020 by CII - Sohrabji Godrej Green Business Centre
- Received 5-Star rating for Excellence in EHS Practices at the Confederation of Indian Industry (CII) South awards 2019 and 2020
- Became a signatory of the United Nations Global Compact (UNGC)

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required to be disclosed under Section 134(3) of the Companies Act, 2013, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are provided in the **Annexure 'A'** forming part of this Report.

Employees' Stock Option Plan

Information regarding the Employees' Stock Option Plan is enclosed in **Annexure 'B'** forming part of the Annual Report.

Dividend

The Company continues to invest in growing the business and hence the Board of Directors do not recommend any dividend for the financial year 2021, to enhance availability of growth capital.

Reserves

During the year the company has not transferred any amount to General Reserves Account as the company has not declared any dividend.

Insurance

The properties and assets of your company are adequately insured.

Fixed Deposits

The Company had not accepted or invited any Deposits within the meaning of Section 73 and 74 of the Companies Act, 2013 and rules made and consequently no Deposit has matured/ become due for re-payment as on 31st March, 2021.

Change in Capital Structure

The total share capital consisting of Equity and Preference Capital of the Company has been increased from Rs. Rs.163,829,290 to Rs.18,30,00,590 during the year under review, pursuant to

1. Allotment of 6,250 equity Shares of Rs. 10/- each on conversion of Convertible Warrants
2. Pursuant to the order passed by the Hon'ble NCLT, Hyderabad Bench for the sanction of the Scheme of Arrangement between Sai Quest Syn Private Limited (SQ) and Sai Life Sciences Limited (SLS):
   a. Allotment of 10,20,000 equity shares of Rs. 10/- each,
   b. 6,00,000 optionally convertible preference shares @ Face value of Rs. 10/- each (Partly Paid-up @ Rs.8.06/- each) and
   c. 4,80,000 compulsorily convertible preference shares @ Face value of Rs. 10/- each (Partly Paid-up @ Rs.8.06/- each) and
3. Allotment of 20,400 equity shares of Rs.10/- each on exercising of options under the ESOP Scheme of the Company.

Hence the total paid up share capital of company as on 31st March, 2021 was Rs.18,30,00,590.

Registered Office

After Closure of the financial year, keeping in mind the expansion plans and to improve operational efficiency the Registered and Corporate Office of the Company was shifted to Plot No. DS-7, IKP Knowledge Park, Turkapally Village, Shameerpet Mandal, Medchal-Malkajgiri District-500078, Telangana w.e.f. April 30 ,2021.

After Closure of the financial year, in the BM held on 21st May, 2021, the books of accounts of the company be kept and maintained at the company's Corporate Office at # L4-06, SLN Terminus, Survey #133, Gachibowli Miyapur Road, Gachibowli, Hyderabad-500032, Telangana, India with effect from 01 June, 2021, the resolution was passed by the Board as per Section 128(1) of the Companies Act, 2013 for keeping books of accounts at a place other than registered office.

Health, Safety & Environment (HSE)

At SAI, we consider Health, Safety and Environment as our integral parts of our business and it is part of our decision making process. SAI established Health, safety and Environment management systems which are enablers of constant improvement in the area of EHS performance. SAI openly communicates organization's HSE goals and targets through HSE policy which would help in emerging roadmap for continual improvement.

SAI considers employee training as most important element in evolving safe work place for the employees and workers. We facilitate employee and worker training through internal and external resources at periodic intervals through employee induction and refresher training programs.

SAI established state-of-the art facilities for waste water treatment and recycle. We consider statutory compliance as an important obligation and take all necessary steps to comply with legal requirements. SAI puts conscious efforts in betterment of environmental protection through latest eco-friendly technologies. SAI takes all necessary measures from time to time for reduction of carbon foot print in order to minimize environmental impacts arising out of water use, energy use, emissions and waste generation.

Directors and Key Managerial Personnel During the year

At the year ended 31st March, 2021, your Company had a total of seven Board of Directors, out of them two members were Independent Directors including a Woman Director. As on the date of this report, your Company has seven Board of Directors.

In order to comply with Section 152 of the Companies Act 2013, Mr. K Krishnam Raju (DIN: 00064614), Managing Director of the Company and Dr. Raju Penmasta (DIN: 00897301), Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment and your Directors recommend their re-appointment.

During the year under review, Mr. Rajagopal Srirama Tatta (DIN: 00988348) was re-appointed as an Independent Directors of the Company for the second term of five years w.e.f. 26.03.2020 to 25.03.2025.

After closure of the Financial year, Mr. Jayant Bhalchandra Manmadkar resigned as Chief Financial Officer on July 01, 2021. Mr. Sivaramakrishnan Chittor was appointed as Chief Financial Officer with effect from July 01, 2021.

In terms of Section 149 read with Section 152 of the Companies Act 2013, Mr. Rajagopal Srirama Tatta and Ms. Nandita Gurjar continue as an Independent Directors on the Board of the Company. Both the Independent directors have confirmed their independence in terms of the requirements of Companies Act, 2013.

Other than the above, there were no changes in the Board of Directors and Key Managerial Person (KMP) during the FY 2020-2021.

Declaration of Independence by Independent Directors

The Company has received necessary declarations from the Independent Directors as required under Section 149(7) of the Act stating that he meets the criteria of independence as provided in sub-section (6) of the said Section and also Rule 6 of the Co. (Appointment and Qualification of Directors) Rules 2014.

Registration of Independent Director in Independent Directors Databank

The Independent Directors of your Company have been registered for a period of 5 years and a member of Independent Directors Databank maintained by Indian Institute of Corporate Affairs.

Confirmation from the Board

The Independent Directors of the Company have given their respective declaration/disclosures under Section 149(7) of the Act and also confirmed that he fulfill the independence criteria as specified under section 149(6) of the Act and have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. Further, the Board after taking these declarations /disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors is a person of integrity and possess the relevant expertise and experience to qualify as Independent Directors of the Company and is Independent of the Management.

Opinion of the Board

The Board opines that the Independent Directors of the Company strictly adhere to corporate integrity, possesses requisite expertise, experience and qualifications to discharge the assigned duties and responsibilities as mandated by Companies Act, 2013.

Meeting of Independent Directors

During FY2021, our independent directors met One time in session without the presence of Executive Directors, Non-Independent Directors and management personnel and other members of management.

Statutory Auditors

M/s Deloitte Haskins & Sells LLP (117366W/W-100018), Chartered Accountants, were appointed as Statutory Auditors for a period of 5 years at the Annual General Meeting held on 26th September, 2018. Their continuance of appointment and payment of remuneration are to be confirmed and approved in the ensuing Annual General Meeting. The Company has received a certificate from the above Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

As per the amended provisions of the Companies (Amendment) Act 2017 which were notified on 07.05.2018 Company is not required to ratify the appointment of Auditor at every Annual General Meeting. Therefore, Company is not moving the resolution for ratification of auditor at the ensuing Annual General Meeting.

Reporting of frauds by Auditors

During the year under review, there have been no instances of fraud reported by the Auditors pursuant to Section 143(12) of the Act and the Rules made thereunder to the Audit Committee of the Board.

Audit Reports

Report of the Statutory Auditors on the financial statements for the year does not contain any qualification, reservation or adverse remark or disclaimer; or reporting of any offence or fraud.

Particulars of Employees

Under the provisions of Section 134 of the Companies Act, 2013, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and particulars of employees are set out in the annexure to the Director's Report. However, in terms of the provisions the Director's Report is being sent to all the shareholders of the Company excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered office of the Company.

Mergers and Amalgamations

During the year, your Company received the Order from the Hon'ble National Company Law Tribunal, Hyderabad Bench, approving the Scheme of Arrangement under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 between Sai Quest Syn Private Limited ('Demerged Company') and Sai Life Sciences Limited ('Resulting Company'). Your Company has completed the necessary requirements under various regulations with respect to the Scheme of Arrangement. Further, the Order was filed with the Registrar of Companies, Hyderabad on 22.09.2020, which being the effective date of Scheme of Arrangement.

Subsidiary/Joint ventures/Associate companies and their performance

Company do not have any Joint Venture and Associates and the details of Subsidiary Companies are given below:

Wholly Owned Subsidiary Companies (WOS):

Sai Life Sciences Inc
Sai Life Sciences Inc., USA recorded a turnover of US $ 7,203,101 for the year ended 31st March, 2021 as against US $ 1,920,638 for the year ended 31st March 2020.
The Company registered a net loss of US $ 554,818 for the year ended 31st March, 2021 as compared to a net profit of US $ 522,374 in the previous year.

Sai Life Pharma Private Limited
Sai Life Pharma Private Limited recorded a turnover of Rs.5.66 Lakhs for the year ended 31st March, 2021 as against 0.13 Lakhs for the year ended 31st March 2020.
The Company registered a net loss of Rs.(5.46) Lakhs for the year ended 31st March, 2021 as compared to a net profit of Rs.(5.33) Lakhs in the previous year.

Sai Life Drugform Private Limited

Sai Life Drugform Private Limited recorded a turnover of Rs. Nil for the year ended 31st March, 2021 as against Rs. Nil for the year ended 31st March 2020.

The Company registered a net loss of Rs.(0.56) Lakhs for the year ended 31st March, 2021 as compared to a net profit of Rs. (0.21) Lakhs in the previous year.

Pursuant to Section 134 of the Companies Act, 2013 and Rule 8(1) of the Companies (Accounts) Rules, 2014 report on performance and financial position of subsidiaries is attached as per **Annexure 'C'** which forms part of this report.

Consolidated Financial Statements

The consolidated financial statements for the year ended 31st March 2021 of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules 2015, as amended, issued by the Ministry of Corporate Affairs ('MCA'). The Auditors' Report on the consolidated financial statement is also attached.

Directors' Responsibility Statement as required under Section 134(5) of the Companies Act, 2013

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, your directors hereby confirm that:

a) In the preparation of the annual accounts for the financial year ended 31st March, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, wherever applicable;

b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The directors have prepared the annual accounts for the financial year ended 31st March, 2021 has been prepared on a 'going concern' basis;

e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Loans, Guarantees and Investments under Section 186

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

Internal Auditors

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 Of Companies (Accounts) Rules, 2014, your Company has engaged the services of M/s PricewaterhouseCoopers Services, LLP, Chartered Accountants, Hyderabad to conduct the Internal audit of the Company for the financial year ended 31st March, 2021.
Reporting of Head of Internal Audit is to the Chairman of the Audit, Risk and Compliance Committee and administratively to the Chief Financial Officer. Head of Internal Audit has regular and exclusive meetings with the Audit Committee.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has engaged the services of M/s DVM & ASSOCIATES LLP, Company Secretaries in Practice, Hyderabad to conduct the secretarial audit of the Company for the financial year ended 31st March, 2021. The Report of the Secretarial Audit in MR-3 is annexed as **Annexure 'D'.**

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in their report for year ended 31st March, 2021.

Whistle Blower Policy

The Company has constituted a Whistle Blower Policy to report significant non- compliance with the Company's Code of Conduct.

This Policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of company rules and Code of Conduct, demanding and /or accepting gratification, obtaining a valuable thing without or inadequate consideration from a person with whom he has or may have official dealings, obtaining for self or any other person pecuniary benefits by corrupt or illegal means.

Compliance with Secretarial Standards on Board and General Meetings

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

Extract of Annual Return

As required pursuant to Section 134 (3) (a) of the Companies Act, 2013, an extract of Annual Return in the prescribed Form MGT-9 is given as **Annexure 'E'** to this Report.

Particulars of Contracts or arrangements made with Related Parties

Particulars of Contracts or arrangements made with Related Parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended in **Annexure 'F'** to this report.

Number of Meetings of the Board

The Board meets at regular intervals to discuss business plan and strategies. The notice of Board meeting is given well in advance to all the Directors.

The Board of Directors duly met 5 (Five) times during the Financial year under review and there was 3 (Three) Audit Committee, 2 (Two) Nomination and Remuneration Committee and 1 (One) CSR committee meetings held during the year under review. The dates on which the meetings were held are as follows:

Type of Meeting	**Date of Meeting**
Board Meeting	10th June, 2020, 17th September, 2020, 29th September, 2020, 16th December, 2020 and 04th March, 2021.
Audit Committee	10th June, 2020, 29th September, 2020 and 04th March, 2021.
Nomination & Remuneration Committee	10th June, 2020 and 29th September, 2020
Corporate Social Responsibility Committee	29th September, 2020

Attendance of Directors in the Board and Committee meetings are as follows:

S.No.	**Name of Director**	**Number of Board meetings attended**	**Number of Committees meetings attended**		
			Audit Committee	**Nomination & Remuneration Committee**	**Corporate Social Responsibility (CSR) Committee**
1	Dr. K Ranga Raju	4	-	-	-
2	K Krishnam Raju	4	2	2	1
3	Dr. Raju A Penmasta	5	-	-	-
4	Rajagopal Srirama Tatta	5	3	2	1
5	Nandita Gurjar	5	3	2	1
6	Puneet Bhatia	3	-	2	1
c	Mitesh Daga	5	1	-	-

The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

Policy on appointment and remuneration of Directors

The Company has constituted a Nomination and Remuneration Committee and for determining the qualification, positive attributes and Independence Criteria of Directors. The Nomination and Remuneration Committee has recommended to the Board a policy relating to the remuneration.

The following are the roles and responsibility of nomination and remuneration committee:

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.

- Carry out evaluation of every director's performance

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees

Your Company has properly constituted the Nomination and Remuneration Committee u/s 178 of the Companies Act, 2013 and Committee members was re-constituted w.e.f. 16.01.2019 as follows:

1	Rajagopal S Tatta	Chairman
2	K Krishnam Raju	Member
3	Nandita Gurjar	Member
4	Puneet Bhatia	Member

Risk Management Policy

The Company has devised and implemented a mechanism for risk management and has developed Risk Management Policy. The Policy provides for constitution of a Risk Committee, which will work towards creating a Risk Register, identifying internal and external risks and implementing risk mitigation steps.

Policy on Sexual Harassment

The Company has constituted a Sexual Harassment Policy to prohibit, prevent or deter the commission of acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment.

The Company has also complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There were no incidences of sexual harassment reported during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Corporate Social Responsibility

The Company has re-constituted the Corporate Social Responsibility Committee (CSR) w.e.f 16.01.2019 constituted under Section 135 comprising of the following Directors:

1	Rajagopal S Tatta	Chairman
2	K Krishnam Raju	Member
3	Puneet Bhatia	Member
4	Nandita Gurjar	Member

The CSR Committee has formulated the Corporate Social Responsibility Policy to accept the various activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and the related activities thereto in and around areas across the states where Company's operating units were situated.

Your Company has always been a responsible corporate citizen with many projects being undertaken on a regular basis. Your Company has taken the responsibility to make the Community that it operates a better place to live and work. A report on the CSR activities undertaken by the Company is given in **Annexure 'G'.**

Vigil Mechanism

In pursuant to the provisions of Section 177 of the companies Act, 2013, a Vigil mechanism for directors and employees to report genuine concerns is in place. The Vigil Mechanism Policy has been uploaded on the website of the Company.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of their own, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees. The manner in which the evaluation has been carried out has been explained hereunder.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of attendance, engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

Cost Audit

Central Government has notified rules for Cost Audit and as per new Companies (Cost Records and Audit) Rules, 2014 issued by Ministry of Corporate Affairs. Your Company is not falling under the industries which will be subject to Cost Audit. Therefore, filing of cost audit report for the FY 2020-21 is not applicable to the Company. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013, the prescribed cost records have been made and maintained by the Company.

Green Initiative

As part of the "Green Initiative for Corporate Governance", the Government has allowed companies to send notices and documents to their shareholders electronically to facilitate paperless communication. This will ensure prompt communication and avoid loss of documents in transit.

Audit committee

Your Company has properly constituted the Audit Committee u/s 177 of the Companies Act, 2013 on 16.01.2019 and due change of the Committee member was re-constituted w.e.f. 17.09.2020 as follows:

1	Rajagopal S Tatta	Chairman
2	Nandita Gurjar	Member
3	K Krishnam Raju	Member

Internal control systems

Your Company has established and maintained a framework of internal financial controls and compliance systems. Based on the same and the work performed by the internal auditors, statutory auditors and the reviews performed by Top Management team and the Audit Committee, your Directors are of the opinion that your Company's Internal Financial Controls were adequate and effective during the financial year 2020-21.

Further, the Statutory Auditors of your Company have also issued an attestation report on internal control over financial reporting (as defined in section 143 of Companies Act, 2013) for the financial year ended March 31, 2021, which forms part to the Statutory Auditors Report.

Details of material changes and commitment occurred during period affecting financial position of company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;

During the financial year 2020-21, there were no material changes and commitment affecting the financial position of company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;.

Details of changes in nature of Business of the Company

During the financial year 2020-21, there were no change in the nature of Business of the company.

Details of significant material orders passed by courts/tribunal impacting the going concern status of the Company

During the financial year 2020-21, there were no orders passed by the courts/tribunal impacting the going concern status of the company.

Human Resource Development

In line with your company's philosophy of investing in the development of its most precious asset of human capital, the company ensures that the right person is selected for the right job at the right time. The company is well aware of the significance of quality and competence of its workforce in driving the growth of its business. Your company's strength of employees measures to 2154 as on 31st March, 2021.

Cautionary Note

Certain statements in the reports of the Board of Directors may be forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied since company's operations are influenced by many external and internal factors beyond the control of the company. The company assumes no responsibility to publicly amend, modify or revise any of these statements on the basis of any subsequent developments, information or events.

Quality Assurance (QA)

In order to meet the ever-demanding compliance to the customers and global regulatory requirements, QA department has been setup. Corporate quality operations have prioritized & the company has implemented cGmp and GMP standards across the Company's manufacturing facilities and GLP standards implemented.

Employee Relations

Your Company continues to have cordial and harmonious relationship with the employees.

Details of application made or any preceding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the FY along with the current status

During the year under the review, the Company has not made any application or any preceding not pending under the Insolvency and Bankruptcy Code, 2016 and not applicable to the company.

Gratitude and Acknowledgement

The directors would like to place on record their appreciation for the contribution made by the employees to the significant growth of the Company. The trust reposed in your company by its esteemed customers helped stabilized growth during the year under review.

Your Company also acknowledges the support and wise counsel received from State Bank of India and other banks & governmental Agencies during the year under review and it looks forward for such continuing support to enhance its goals.

For and on behalf of the Board of Directors

Dr. K Ranga Raju
Chairman
DIN: 00043186

Place: Hyderabad
Date: 02 September, 2021

ANNEXURE –A

Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy

Your Company continued periodical auditing of all the installations internally to find new opportunities for reducing the wastage of electrical energy

(I)	the steps taken or impact on conservation of energy	Company's operation does not consume significant amount of energy.
(ii)	the steps taken by the company for utilizing alternate sources of energy.	Not applicable, in view of comments in clause (i)
(iii)	the capital investment on energy conservation equipment's	Not applicable, in view of comments in clause (i)

FORM –A

Form for disclosure of particulars with respect to conservation of energy:
<u>A. Power and Fuel Consumption</u>:

S.no	Particulars	Year ended 31st March 2021	Year ended 31st March 2020
1	Electricity		
	a) Purchased		
	Units (KWH)	29,843,634	29,311,543
	Total amount (Rs)	224,866,878	229,604,988
	Rate per unit - (Rs)	7.53	7.83
	(b) Own generation		
	Through diesel generator		
	Units (No's)	534,999	659,623
	Units per Ltr.of oil	3.25	3.25
	Cost/Unit (Rs)	69	86
2	Coal		
	Quantity (tonnes)	4,855	5,165
	Total Cost (Rs)	30,564,775	23,462,286
	Average rate per tonne (Rs)	12,644.91	9,271.98
3	Furnace Oil		
	Quantity –KL	279	289
	Total cost (Rs)	7,906,284	9,131,797
	Average rate per KL(Rs)	28,340	31,587

B. Consumption per Unit of Production

Products Electricity(Units) Coal Others(Specify)	Since the company manufactures different types of active pharmaceutical ingredients and intermediates, R&D Services and Custom Synthesis it is not practicable to give consumption per unit of production

FORM- B

Form of disclosure of particulars with respect to Technology Absorption.

A. Research and Development Activities

Specific areas in Research & Development carried out by the Company

SAI has been one of Asia's leading integrated service providers in the areas of drug discovery. SAI's expertise include Medicinal Chemistry, Pharmacokinetics - absorption, distribution, metabolism, elimination (PK-ADME), Tox studies and Combi-chem Library synthesis.

From being a consultancy service provider with maturing capabilities, SAI's Research and Development ('R&D') activities are now being realigned to carry out early discovery, process optimization, API (Active Pharmaceutical Ingredient) manufacture and formulation development.

While SAI's focal point would be the Process R&D and scale-up; pre-formulation and formulation development for New Chemical Entity ('NCE') and generic compounds to Pharma and innovator companies around the world, SAI is equally focusing on development of API (Active Pharmaceutical Ingredient), Drug Master Filings and technology for innovative drug products for the Indian and emerging markets. In-line with its vision, SAI is heading towards foreign collaboration for its R&D initiatives.

The Unit-2 facility at ICICI Knowledge Park, Shameerpet and Unit -4 facility at Bidar were inspected by FDA and declared to be acceptable.

Presently, SAI has five R&D centers spread across Telangana, Karnataka and Maharashtra whose details are as under:

1. DS-7, IKP, Phase-I, Turakapally Village, Shameerpet, Ranga Reddy District, Telangana
2. S.No.296/7/3 & 4, Industrial Development Area, Bollaram, Jinnaram Mandal, Medak District, Telangana.
3. 79B, 80A, 80 B, 82 & 81 A, Kolhar Industrial Area, Bidar, Karnataka.
4. #2, Chrysalis' Enclave, International Biotech Park, Phase-II, Hinjewadi, Pune

Benefits Derived as a result of the above R&D are:

- Improved business opportunities
- Creation of Intellectual Property
- Continued customer acceptance and satisfaction
- Business opportunities for the Indian and emerging markets
- Focus on the long term vision and growth of the Company
- To help our partners develop innovative medicines quicker and at lower cost by providing reliable research and manufacturing solutions
- Encourages innovation
- Low cost solutions for unmet medical needs for emerging economies
- Enhanced valuation of the organization

Future Plan of Action

- End-to-end customer support (for their business needs) would continue to be the focal point of R&D
- Continue to focus on business opportunities and implementing differentiated strategies to build customer base and pipeline
- Creation of innovative and efficient processes to enhance and sustain the business growth
- Transformation of R&D activities into a self-sustaining growth engine for the organization
- Aggressive strategy to enable global expansions in key emerging markets

Expenditure on Research & Development

(in Lakhs)

Financial Year	Capital expenditure	Revenue expenditure	Total
2019-20	-	730.32	**730.32**
2020-21	369.42	688.06	**1,057.48**

During the year no expenditure was incurred on scientific research and development.

B. Technology Absorption, Adaptation and Innovation

Efforts, in brief, made towards technology absorption and adoption	The Company has an R&D division engaged in research of new products & Process development of existing products. The Company has developed indigenous technology in respect of the products manufactured by it. As soon as the technology is developed for a product, it is tested in pilot plant and thereafter commercial production is taken up. It is the philosophy of the Company to continuously upgrade the technology.
Benefits derived as a result of the above	- Quality Improvement - Cost reduction - Better production process, better yields
Imported technology:	There is no imported technology
Expenditure on Research & Development	The Department of Scientific and Industrial Research, Government of India, has recognised the Company’s in-house Research and Development ("R&D") units and an order of approval under Section 35(2AB) of Income-tax Act, 1961, has been granted vide their letter dated 18 December 2013. The approval was valid up to 31 March 2021.

FORM C

Foreign Exchange Earnings and Outgo	(Amount Rs. in lakhs)
Foreign Exchange Earnings	
Export of goods and services	70,760.94
Foreign Exchange Outgo	
CIF Value of Imports	10,783.32
Foreign Travel and others	20,738.17

ANNEXURE B

Employee Stock Option Schemes

The Company instituted the Employee Stock Option Scheme (ESOS) in the year 2004 to enable the employees and the directors of the company and its subsidiaries to participate in the future growth and financial success of the Company.

Options granted in the year 2004 scheme will vest at the end of 3 years from the date of grant. The vested options can be exercised by the employee during his term of employment with the Company.

Options granted in the year 2005, 2006 and 2007 scheme will vest in a graded manner i.e. 60% of the options will vest at the end of 3 years from the date of grant and balance 40% of the options will vest at the end of 5 years from the date of grant. The vested options can be exercised by the employee during his term of employment with the Company.

Options granted in the year 2008 scheme will vest in a graded manner i.e 50% of the options will vest at the end of 2 years from the date of grant and balance 50% of the options will vest at the end of 4 years from the date of grant. The vested options can be exercised by the employee during his term of employment with the Company. Under this scheme the company granted additional ESOP in the year 2018. The options granted shall vest 20% at the end of every year from the grant date for a period of 5 years. The vested options can be exercised by the employee during his term of employment with the Company.

The Company has established a plan "Management ESOP plan 2018" in the year 2018. The Stock options granted shall vest 20% every year from the date of grant for a period of 5 years. The vested options can be exercised by the employee during his term of employment with the Company.

The particulars of the options granted and outstanding upto 31st March, 2021 are as under:

Particulars	# Options
No. of Options Granted	41,24,300
No. of Options Vested	4,45,650
No. of Options Exercised	5,11,769
No. of Options Lapsed	27,11,582
No. of Options in force	20,33,098
No. of shares arising as a result of exercise of options	20,33,098
No. of employees who are granted equal to /more than 1% of the issued capital	Nil
No. of employees who were granted equal to/more than 5% of the issued capital	Nil

For and on behalf of the Board of Directors

Dr. K Ranga Raju
Chairman
DIN: 00043186

Date: 02 September, 2021
Place: Hyderabad

ANNEXURE C
Form AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of Subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(in Rs. in Lakhs)

Sl. No		1	2	3
1	Name of the Subsidiary Company	Sai Life Sciences Inc.	Sai Life Pharma Private Limited	Sai Life Drugform Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Nil	Nil	Nil
3	Date of Investment in Subsidiary	10 August, 2004	25 October, 2019	03 December, 2019
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of Foreign Subsidiary	1 USD = Rs.73.11 (BS) 1 USD = Rs.74.23 (P&L)	N.A.	N.A.
5	Share Capital	102.10	1,151.00	1.00
6	Reserves & Surplus	4,604.71	(10.79)	(0.77)
7	Total Assets	6,896.21	1,148.97	0.99
8	Total Liabilities	6,896.21	1,148.97	0.99
9	Investments	Nil	Nil	Nil
10	Turnover	5,346.64	5.66	Nil
11	Profit before Taxation	(557.70)	(5.46)	(0.56)
12	Provision for Taxation	(145.87)	Nil	Nil
13	Profit / Loss after Taxation	(411.83)	(5.46)	(0.56)
14	Proposed Dividend	Nil	Nil	Nil
15	% of Shareholding	100	100	100

Notes:

1. **Names of subsidiaries which are yet to commence operations:** Sai Life Drugform Private Limited
2. **Names of subsidiaries which have been liquidated or sold during the year:** Nil

Part "B": Associates & Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates or Joint Ventures	**Name 1**
1. Latest audited Balance Sheet Date	-
2. Date on which the Associate or Joint Venture was associated or acquired	-
3. Shares of Associate or Joint Ventures held by the company on the year end	-
Amount of Investment in Associates or Joint Venture	-
Extent of Holding (in percentage)	-
4. Description of how there is significant influence	-
5. Reason why the associate/joint venture is not consolidated	-
6. Networth attributable to shareholding as per latest audited Balance Sheet	-
7. Profit or Loss for the year	-
i. Considered in Consolidation	-
ii. Not Considered in Consolidation	-

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.

For and on behalf of the Board of Directors

Dr. K Ranga Raju
Chairman
DIN: 00043186

For and on behalf of M/s Deloitte Haskins & Sells LLP

Sathya P. Koushik
Partner
Membership No: 206920

ANNEXURE D
SECRETARIAL AUDIT REPORT
For the Financial Year Ended 31st March 2021

FORM NO MR 3

Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To
The Members
Sai Life Sciences Limited
Hyderabad.

We have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sai Life Sciences Limited** (hereinafter called the **"Company"**). Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Due to COVID-19 pandemic, the verification and examination of the books, papers, minutes books, forms, returns filed and other records as maintained and facilitated by the Company has been conducted virtually, and according to the examinations carried out by us and explanations and information furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the Audit Period covering the Financial Year ended on 31st March, 2021, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended 31st March, 2021, relating to the compliance of the relevant provisions of the following Acts, Rules, and Standards:

   1.1 The Companies Act, 2013 (the Act) and the Rules made thereunder;

   1.2 The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

   1.3 The Secretarial Standards on the Meetings of the Board of Directors, Committees and General Meetings issued by the Institute of Company Secretaries of India.

2. The Company is engaged in the business of contract research and manufacturing services of drugs. Accordingly, some of the following applicable Industry Specific Acts are covered under the purview of our audit, in consultation with the Management and on the basis of the Guidance Note issued by the ICSI. Based on our verification and also reliance on the Compliance Certificate, we are of the view that the company has generally complied with following Industry Specific Laws in line with amendments from time to time:

   2.1 Drugs and Cosmetics Act, 1940 read with the Drugs and Cosmetics Rules, 1945;

   2.2 Petroleum Act, 1934;

   2.3 Inflammable Substances Act, 1952;

   2.4 Explosives Act, 1884 read with Explosives Rules, 1983;

   2.5 Air and Water Pollution Acts;

2.6 Indian Boilers Act, 1923.

3. We further report that:

3.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors, and a Woman Director. There were no changes in the composition of the Board of Directors during the period under review except for the re-appointment of Mr. Rajagopal Srirama Tatta as the Independent Director of the Company for second term of five consecutive years. Nomination and Remuneration Committee consists of one Executive and three Non-Executive Directors.

3.2 Adequate Notice along with agenda and detailed notes on agenda is given to all the Directors electronically to schedule the Board Meetings.

3.3 There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.

3.4 Decisions at the meetings of the Board of Directors and Committees of the Board of the Company were taken unanimously. The Company has constituted the Committees, however in respect of certain matters the Board dealt with the same directly, and subsequently ratified by the Committees.

3.5 We were informed that the Managing Director and/or Chairman of the Company, has been authorised to determine the remuneration to the Auditors and for other services provided by them.

3.6 The Company has carried CSR activities during the Financial Year under review. As per the information provided by the management there are no unspent amount for the CSR during the Financial Year under review.

3.7 The Hon'ble NCLT has sanctioned the Scheme of Arrangement between Sai Quest Syn Private Limited and Sai Life Sciences Limited and their respective shareholders and Creditors vide its order dated 18.08.2020. Subsequently, pursuant to NCLT’s order, Company has discharged the consideration payable to shareholders of Sai Quest Syn Private Limited by way of issuance of securities.

3.8 The Company has made further investments in its foreign wholly owned subsidiary, Sai Life Sciences Inc., during the Financial Year under review which is in compliance of provisions of Sec.186 of the Companies Act, 2013.

3.9 During the Financial Year under review Mr. Jagadish V Dore has exercised the conversion of 25% of his Convertible Warrants into Equity Shares which were issued to him during the previous year.

3.10 During the Financial year under review, Mr. Siva Ramakrishnan Chittoor has exercised stock options and equity shares were issued to him pursuant to such exercise.

3.11 During the Financial year under review, the Key Managerial Personnel’s (KMPs) of the Company were appointed as the KMPs in Sai Life Pharma Private Limited, the Wholly-Owned Subsidiary of Sai Life Pharma Private Limited in compliance with Section 203 of the Companies Act 2013.

3.12 In view of lockdown imposed and COVID-19 Pandemic, the Company has, wherever applicable, sought and availed temporary compliance relief, including filings under the Companies Fresh Start Scheme, 2020;

3.13 During the Financial year under review, Company has filed its ECB returns with RBI within the time specified except for few delayed filings.

3.14 The Company being an un-listed company, the following Acts, Regulations, and other applicable rules shall not apply:

i. LODR, Listing Agreements entered with stock exchanges and other SEBI Regulations.

ii. Regulations under the Securities and Exchange Board of India Act, 1992.

3.15 There exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

4. We further report that during the audit period, there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as provided in Auditors Report.

For **DVM & Associates LLP**
Company Secretaries
L2017KR002100

Place: Hyderabad
Date: 02 September, 2021

DVM Gopal
Partner
M No: F 6280
CP No: 6798
UDIN: F006280C000878382

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

ANNEXURE

To
The Members
Sai Life Sciences Limited
Hyderabad.

Our Report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **DVM & Associates LLP**
Company Secretaries
L2017KR002100

Place: Hyderabad
Date: 02 September, 2021

DVM Gopal
Partner
M No: F 6280
CP No: 6798
UDIN: F006280C000878382

ANNEXURE E

FORM NO. MGT – 9

Extract of Annual Return
As on the financial year ended 31st March, 2021

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U24110TG1999PLC030970
ii)	Registration Date	25.01.1999
iii)	Name of the Company	Sai Life Sciences Limited
iv)	Category/Sub-category of the Company	Public Company / Limited by Shares
v)	Address of the Registered office & contact details	Plot No. DS-7, IKP Knowledge Park, Turkapally (V), Shameerpet Mandal, Medchal-Malkajgiri Dist, Hyderabad - 500078, Telangana.
vi)	Whether listed company	No
vii)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s KFin Technologies Private Limited Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032. Ph: +91 40 67162222

II. PRINCIPLE BUSINESS ACTIVITY OF THE COMPANY

S. No	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the company
1	Contract Research and development	21001	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
1	Sai Life Sciences Inc	-	Subsidiary	100%	2(87)(ii)
2	Sai Life Pharma Private Limited	U24290TG2019PTC136370	Subsidiary	100%	2(87)(ii)
3	Sai Life Drugform Private Limited	U24230TG2019PTC137297	Subsidiary	100%	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity share Capital breakup as percentage of Total Equity)

i) Category-wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	3,150,868	1,073,851	4,224,719	25.79	-	1,068,851	1,068,851	6.13	(19.66)
b) Central Govt. or c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporates	1,068,748	1,967	1,070,715	6.54	1,068,748	1,967	1,070,715	6.14	(0.4)
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	4,175,868	-	4,175,868	23.96	23.96
SUB TOTAL:(A) (1)	**4,219,616**	**1,075,818**	**5,295,434**	**32.32**	**5,244,616**	**1,070,818**	**6,315,434**	**36.23**	**3.91**
(2) Foreign									
a) NRI- Individuals	345,000	-	345,000	2.11	345,000	-	345,000	1.98	(0.13)
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other…	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	**345,000**	**-**	**345,000**	**2.11**	**345,000**	**-**	**345,000**	**1.98**	**(0.13)**
Total Shareholding of Promoter (A)= (A)(1) + (A)(2)	**4,564,616**	**1,075,818**	**5,640,434**	**34.43**	**55,89,616**	**1,070,818**	**6,660,434**	**38.21**	**3.78**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
C) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	-	-	-	-	-	-	-	-	-
(2) Non Institutions									
a) Bodies corporates									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	8,675,912	-	8,675,912	52.96	8,675,912	-	8,675,912	49.78	(3.18)
b) Individuals									-
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	36,759	18,000	54,759	0.33	30,509	18,000	48,509	0.28	(0.05)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	1,469,506	375,718	1,845,224	11.26	1,542,406	335,718	1,878,124	10.77	(0.49)
c) Others	-	166,600	166,600	1.02	-	166,600	166,600	0.96	(0.06)
SUB TOTAL (B)(2):	**10,182,177**	**560,318**	**10,742,495**	**65.57**	**10,248,827**	**520,318**	**10,769,145**	**61.79**	**(3.78)**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**10,182,177**	**560,318**	**10,742,495**	**65.57**	**10,248,827**	**520,318**	**10,769,145**	**61.79**	**(3.78)**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**14,746,793**	**1,636,136**	**16,382,929**	**100.00**	**15,838,443**	**1,591,136**	**17,429,579**	**100.00**	**0.00**

ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
G Subba Raju	938,730	5.74	-	938,730	5.39%	-	-0.34%
G.L.Tanuja	130,121	0.80	-	130,121	0.75%	-	-0.05%
Continental Wines Private Ltd	1,967	0.01	-	1,967	0.01%	-	0.00%
K Sudha	50,000	0.31	-	50,000	0.29%	-	-0.02%
K. Krishnam Raju	295,000	1.80	-	295,000	1.69%	-	-0.11%
Sai Quest Syn Pvt Ltd.	1,068,748	6.53	-	1,068,748	6.13%	-	-0.39%
Ranga Raju Kanumuri (a Partner of Sunflower Partners)	-	0.00%	-	1140729	6.54%	-	6.54%
Ranga Raju Kanumuri (a Partner of Lily Partners)	-	0.00%	-	510499	2.93%	-	2.93%
Kanumuri Mytreyi (a Partner of Marigold Partners)	-	0.00%	-	1782378	10.23%	-	10.23%
Kanumuri Mytreyi (a Partner of Tulip Partners)	-	0.00%	-	742262	4.26%	-	4.26%
K.Mytreyi	1,711,633	10.45%	-	0.00%	0.00%	-	-10.45%
K.Ranga Raju - Huf	302,599	1.85%	-	0.00%	0.00%	-	-1.85%
K.Ranga Raju	1,136,636	6.94%	-	0.00%	0.00%	-	-6.94%
Sai International	5,000	0.03%	-	0.00%	0.00%	-	-0.03%
Total	**5,640,434**	**34.43%**		**6,660,434**	**38.21%**	-	**3.78%**

Change in Promoter's Shareholding (please specify if there is no change)

Shareholders Name	Shareholding at the beginning of the year		Date wise increase / (decrease) in promoter shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)			Shareholding at the end of the year	
	No. of shares	% of total shares of the company	Date	No. of shares	Nature	No. of shares	% of total shares of the company
Sai International	5000	0.03	18.06.2020	5000	Transfer	0	0.00
K.Ranga Raju	1136636	6.94	18.06.2020	5000	Transfer	1141636	6.97
K.Ranga Raju	1141636	6.97	17.09.2020	509592	Allotment	1651228	9.47
K.Ranga Raju	1651228	9.47	31.03.2021	1140729	Transfer	0	0.00
				510499	Transfer	0	0.00
Ranga Raju Kanumuri (a Partner of Sunflower Partners)	0	0.00	31.03.2021	1140729	Transfer	1140729	6.54
Ranga Raju Kanumuri (a Partner of Lily Partners)	0	0.00	31.03.2021	510499	Transfer	510499	2.93
K.Mytreyi	1711633	10.45	17.09.2020	510408	Allotment	2222041	12.75
K.Ranga Raju HUF	302599	1.85	31.03.2021	302599	Transfer	0	0.00
K.Mytreyi	2222041	12.75	31.03.2021	302599	Transfer	2524640	14.48
K.Mytreyi	2524640	14.49	31.03.2021	1782378	Transfer	0	0.00
				742262	Transfer	0	0.00
Kanumuri Mytreyi (a Partner of Marigold Partners)	0	0.00%	31.03.2021	1782378	Transfer	1782378	10.23
Kanumuri Mytreyi (a Partner of Tulip Partners)	0	0.00%	31.03.2021	742262	Transfer	742262	4.26

iii) Shareholding Pattern of Top Ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

S. No	Shareholders Name	Shareholding at the beginning of the year		Date wise increase / (decrease) in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)			Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Date	No. of shares	Nature	No. of shares	% of total shares of the company
1	TPG ASIA VII SF PTE LTD	7,620,180	46.51	-	-	-	76,20,180	43.72
2	HBM Private Equity India	1,055,732	6.44	-	-	-	10,55,732	6.06
3	N Anita	418,442	2.55	-	-	-	4,18,442	2.40
4	Aruna Penmasta	216,364	1.32	-	-	-	2,16,364	1.24
5	Kanuri Family Trust	166,600	1.02	-	-	-	1,66,600	0.96
6	S Bharathi	120,000	0.73	-	-	-	1,20,000	0.69
7	K.V.Satyanarayana Raju	100,000	0.61	-	-	-	1,00,000	0.57

S. No	Shareholders Name	Shareholding at the beginning of the year		Date wise increase / (decrease) in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)			Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Date	No. of shares	Nature	No. of shares	% of total shares of the company
8	Sivaramakrishnan Chittor	88,100	0.54	04.01.2021	20400	Allotment	1,08,500	0.62
9	Hitesh Patel	75,000	0.46	-	-	-	75,000	0.43
10	Manjusha Joshi	50,000	0.31	-	-	-	50,000	0.29
11	P Trivikrama Prasad	50,000	0.31	-	-	-	50,000	0.29

iv) Shareholding of Directors and Key Managerial Personnel

Sno	For each the Directors and KMP	Shareholding at the beginning of the year		Date wise increase / (decrease) in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)			Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Date	No. of shares	Nature	No. of shares	% of total shares of the company
1	Dr K Ranga Raju	1,136,636	6.94	18.06.2020	5,000	Transfer	1,141,636	6.97
		1,141,636	6.97	17.09.2020	509,592	Allotment	1,651,228	9.47
		1,651,228	9.47	31.03.2021	1,651,228	Transfer	0	0.00
2	K Krishnam Raju	295,000	1.80	-	-	-	295,000	1.69
3	Raju A Penmasta	286,600	1.75	-	-	-	286,600	1.64
4	Rajagopal S Tatta	9,951	0.06	-	-	-	9,951	0.06

V) INDEBTEDNESS **Amount (in Lakhs)**

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	***Unsecured Loans***	***Deposits***	***Total Indebtedness***
Indebtness at the beginning of the financial year				
i) Principal Amount	28,139.50	-	-	28,139.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**28,139.50**	-	-	**28,139.50**
Change in Indebtedness during the financial year				
Additions	28,773.02	-	-	28,773.02

Reduction	-	-	-	-
Net Change	**28,773.02**	-	-	**28,773.02**
Indebtedness at the end of the financial year				
i) Principal Amount	56,912.52	-	-	56,912.52
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**56,912.52**	-	-	**56,912.52**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S No.	Particulars of Remuneration	Dr. K Ranga Raju – WTD & Chairman	K. Krishnam Raju – MD	Total Amount (in Rs.)
1	Gross salary (Total)			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,87,37,580	3,00,31,515	4,87,69,085
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit – 2.5% of NP	-	-	-
	- others, specify –Bonus	65,65,398	1,53,20,572	2,18,85,970
5	Others, please specify	-	-	-
	Total (A)	**2,53,02,978**	**4,53,52,087**	**7,06,55,065**
	Ceiling as per the Act			

B. Remuneration to other Directors

S.No	Particulars of Remuneration	Name of Directors		Total Amount (in Rs.)
1	Independent Directors	Rajagopal S Tatta	Nandita Gurjar	
	Fee for attending board committee meetings	1,90,201	1,30,000	3,20,201
	Commission	32,63,044	28,27,500	60,90,544
	Others, please specify - Reimbursement	-	-	-
	Total (1)	**34,53,245**	**29,57,500**	**64,10,745**
2	Other Non-Executive Directors	-	-	-
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	0	0	0
	Total (B)=(1+2)	**34,53,245**	**29,57,500**	**64,10,745**
	Total Managerial Remuneration	-	-	-
	Overall Ceiling as per the Act	-	-	-

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD				
S.No	**Particulars of Remuneration**	**Key Managerial Personnel**		**Total Amount**
		CFO	**Company Secretary**	
1	Gross salary (Total)	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,20,68,742	23,92,584	1,44,61,326
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify – Bonus	36,03,082	2,56,779	38,59,861
5	Others, please specify	-	-	-
	Total	**1,56,71,824**	**26,49,363**	**1,83,21,187**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

	Type	**Section of the Companies Act**	**Brief Description**	**Details of penalty / punishment/compounding fee imposed**	**Authority [RD /NCLT/Court]**	**Appeal made, if any (give details)**
A.	Company	None				
	Penalty					
	Punishment					
	Compounding					
B.	Directors	None				
	Penalty					
	Punishment					
	Compounding					
C.	Other officers in Default	None				
	Penalty					
	Punishment					
	Compounding					

For and on behalf of the Board of Directors

Dr. K Ranga Raju
Chairman
DIN: 00043186

Date: 02 September, 2021
Place: Hyderabad

ANNEXURE F

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013. Including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: **NIL**

2. Details of contracts or arrangements or transactions are at arm's length basis:

Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements /transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any: (Rs. in Lakhs)	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Sai Life Science Inc, USA	Subsidiary Company	Consultancy services received	Ongoing	Consultancy services – Rs.4286.41 Lakhs	16.05.2019	Nil
Sai Life Science Inc, USA	Subsidiary Company	Investment in equity Share Capital	Ongoing	Investment equity share capital in the Subsidiary Company Rs.5182.67 Lakhs	03.09.3019 & 29.09.2020	Nil
Sai Life Pharma Pvt Ltd	Subsidiary Company	Investment in equity share capital	Ongoing	Payment of Lease Rent – Rs. 5.25 Lakhs	10.06.2020	Nil
Sai Life Pharma Pvt Ltd	Subsidiary Company	Investment in equity share capital	Ongoing	Payment of Lease Rent – Rs. 0.41 lakhs	29.09.2020	Nil
Sai Life Drugform Pvt Ltd	Subsidiary Company	Investment in equity share capital	Ongoing	Investment – Rs. Nil	05.11.2019	Nil
Soma Khadi Gramodyog Sangha	Entities in which KMP have control or have significant influence	Entities in which KMP have control	Ongoing	Lease Agreement - Refundable Security Deposit Rs. 30 lakhs	19.02.2020	Nil

For and on behalf of the Board of Directors

Dr. K Ranga Raju
Chairman
DIN: 00043186

Place: Hyderabad
Date: 02 September, 2021

ANNEXURE G
Corporate Social Responsibility (CSR)

Report on Corporate Social Responsibility as per subsection (3) of section 134 of the Act Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR Policy: -

The Objective of Sai's CSR Policy is:

- To enable a comprehensive and systematic framework for the CSR activities which Sai is currently engaged with at different locations.
- Demonstrate commitment to the common through responsible business practices and good governance.
- Actively support the state development agenda to ensure sustainable change and attain development of the nearby society.
- Engender a sense of empathy and equity among employees of Sai to motivate them to give back to the society.

2. The Composition of the CSR Committee:

Sl. No.	Name of the Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Rajagopal Srirama Tatta	Chairman	1	1
2	Krishnam Raju Kanumuri	Member	1	1
3	Puneet Bhatia	Member	1	1
4	Nandita Gurjar	Member	1	1

3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:
https://www.sailife.com/policies/

4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):

Not applicable for the financial year under review

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the cand amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set-off for the financial year, if any (in Rs)
1	2020-21	14,56,522	2019-20
2	2019-20	Nil	Nil
3	2018-19	N.A.	N.A.

6. Average net profit of the company for last three financial years:

2017-18	2018-19	2019-20
50,81,79,714	64,61,44,405	88,32,88,793
Average- Rs. 1,07,83,23,880		

(a) Two percent of average net profit of the company as per section 135(5): 2,15,66,478
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: 14,56,522
(c) Amount required to be set off for the financial year, if any: 14,56,522
(d) Total CSR obligation for the financial year (7a+7b-7c): 2,15,66,478

7.

a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
2,30,23,000	Nil	Nil	Nil	Nil	Nil

b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project		Project Duration	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.

									135(6) (in Rs.).			
Nil												

c) **Details of CSR amount spent against other than ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	**Name of the Project.**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/No).**	**Location of the project**		**Amount spent for the project (in Rs.).**	**Mode of Implementation - Direct (Yes/No).**	**Mode of Implementation - Through Implementing Agency**	
				State	**District**			**Name**	**CSR Registration number.**
1	Hyderabad Eye Institute	Community Health Programme	Yes	Telangana	Hyderabad	6,500,000	Yes	N.A.	N.A.
2	SAFA SOCIETY	Livelihood Development	Yes	Telangana	Hyderabad	394,000	Yes	N.A.	N.A.
3	Divya Deepa Charitable Trust	Livelihood Development	No	Karnataka	Mysore	1,000,000	Yes	N.A.	N.A.
4	Government of Telangana for COVID-19	For COVID-19 under Disaster Management	Yes	Telangana	Hyderabad	10,000,000	Yes	N.A.	N.A.
5	Government of Karnataka for COVID-19	For COVID-19 under Disaster Management	Yes	Telangana	Telangana	5,000,000	Yes	N.A.	N.A.
6	School Management Committee Kolthur HW	Education	Yes	Telangana	Kolthur, Telangana	25,000	Yes	N.A.	N.A.
7	M ANITHA KUMARI A/C .30931289002	Education	Yes	Telangana	Others	4,000	Yes	N.A.	N.A.
8	Tahilsar	Welfare	Yes	Telangana	Tahilsar (Mulshi)	100,000	Yes	N.A.	N.A.
	Total					**23,023,000**			

d) **Amount spent in Administrative Overheads:**
e) **Amount spent on Impact Assessment, if applicable:** N.A.
f) **Total amount spent for the Financial Year (8b+8c+8d+8e):**

(a) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	2,15,66,478
(ii)	Total amount spent for the Financial Year	2,30,23,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	14,56,522
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	14,56,522

8.

(a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.	2017-18	Nil	94,84,924	N.A.	N.A.	N.A.	Nil
2.	2018-19	Nil	1,17,00,444	N.A.	N.A.	N.A.	Nil
3.	2019-20	Nil	1,57,17,619	N.A.	N.A.	N.A.	15,58,083
	Total						**15,58,083**

* Disclosure with regard to CSR unspent amount is being provided in the respective FY's boards report as per CSR compliance.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.

Nil

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s): None
(b) Amount of CSR spent for creation or acquisition of capital asset: Nil
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

10. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

For and on behalf of the Board of Directors

Rajagopal S Tatta
DIN: 00988348

Place: Hyderabad
Date: 02 September, 2021

INDEPENDENT AUDITOR'S REPORT

To The Members of Sai Life Sciences Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Sai Life Sciences 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 Statement of Cash Flows and the 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 ito 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 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 Director's report, Including Annexures to Director'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 Statement of Cash Flows 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 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 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/payable 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.

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
(F.R.N. 117366W/W-100018)

Sathya P. Koushik
(Partner)
(Membership No. 206920)
UDIN: 21206920AAAAIT6558

Place: Bengaluru
Date: 02 September 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 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 Sai Life Sciences Limited ("the Company") as of March 31, 2021 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 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, 2021, 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 & SELLS LLP**
Chartered Accountants
(F.R.N. 117366W/W-100018)

Sathya P. Koushik
(Partner)
(Membership No. 206920)
UDIN: 21206920AAAAIT6558

Place: Bengaluru
Date: 02 September 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)

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. 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 sale deed/conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans, are held in the name of the Company based on the confirmations directly received by us from lenders.

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, 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 were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of making investments. The Company has not granted loans, given guarantees and securities to which Sections 185 and 186 of the Companies Act, 2013 is applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 apply.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and 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 been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service tax, Customs Duty and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service tax, Customs Duty, 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 Service Tax, Excise Duty, Entry tax and Income tax which have not been deposited as on March 31, 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	Amount Involved (` in lakhs)	Amount unpaid (` in lakhs)
Finance Act, 1994	Service Tax	Customs, Central Excise Service Tax Appellate Tribunal	2012-2014	123.62	36.36
Central Excise Act, 1944	Excise Duty	Customs, Central Excise Service Tax Appellate Tribunal	2007-2012	72.48	54.36
Maharashtra Value Tax Act, 2002	Value Added Tax	Customs, Central Excise Service Tax Appellate Tribunal	2009-2014	447.32	447.32
Maharashtra Value Tax Act, 2002	Value Added Tax	Joint Commissioner Appeals	2014-2017	145.20	145.20
Telangana Tax on Entry of Goods into Local Areas Act, 2001	Entry tax	Appellate Deputy Commissioner (Commercial taxes)	2014-2017	12.41	8.33
Income-tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	2015-2016	372.24	372.24

(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 to financial institutions, banks and government except for an amount of Rs 4 lakhs which was outstanding pending reconciliation at the balance sheet date. The same has been paid off subsequently. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.

(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 read with Schedule V to the Companies Act, 2013.

(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 Sections 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) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(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 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-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(F.R.N. 117366W/W-100018)

Sathya P. Koushik
(Partner)
(Membership No. 206920)
UDIN: 21206920AAAAIT6558

Place: Bengaluru
Date: 02 September 2021

BALANCE SHEET AS AT 31st MARCH

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

	Note	As at	
		31 March 2021	**31 March 2020**
ASSETS			
Non-current assets			
(a) Property, plant and equipment	6	65,479.30	56,875.08
(b) Capital work-in-progress		19,246.08	7,896.67
(c) Right-of-use assets	7	4,362.36	4,236.51
(d) Intangible assets	8	402.33	561.61
(e) Financial assets			
(i) Investments	9	6,336.26	2,238.08
(ii) Loans	16	372.64	329.83
(iii) Other financial assets	10	50.00	3.69
(f) Non-current tax assets (net)	11	1,284.35	387.55
(g) Other non-current assets	12	4,929.66	5,489.10
Total non-current assets		**1,02,462.98**	**78,018.12**
Current assets			
(a) Inventories	13	7,332.63	4,292.90
(b) Financial assets			
(i) Trade receivables	14	20,269.80	26,945.07
(ii) Cash and cash equivalents	15(i)	6,043.77	8,543.78
(iii) Bank balances other than above	15(ii)	965.96	753.21
(iv) Loans	16	424.36	391.42
(v) Other financial assets	10	14,376.32	825.47
(c) Other current assets	12	29,772.94	19,152.90
Total current assets		**79,185.78**	**60,904.75**
Total assets		**1,81,648.76**	**1,38,922.87**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	1,781.65	1,638.29
(b) Other equity	18	84,970.25	77,803.55
Total equity		**86,751.90**	**79,441.84**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	24,643.97	5,957.21
(ii) Lease liabilities	20	1,953.50	2,035.79
(iii) Other financial liabilities	21	183.91	306.23
(b) Provisions	22	1,909.27	1,533.98
(c) Deferred tax liabilities (net)	23	6,414.24	4,411.77
Total non-current liabilities		**35,104.89**	**14,244.98**

BALANCE SHEET AS AT 31st MARCH (contd….)

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

	Note	As at	
		31 March 2021	31 March 2020
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	35,796.24	22,156.20
(ii) Lease liabilities	20	1,063.99	1,781.84
(iii) Trade payables	24		
(A) Total outstanding dues of micro enterprises and small enterprises		840.36	368.65
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		13,585.63	13,334.88
(iv) Other financial liabilities	21	5,921.45	5,655.18
(b) Other current liabilities	25	1,983.90	1,049.58
(c) Provisions	22	570.30	458.87
(d) Current tax liabilities (net)	26	30.10	430.85
Total current liabilities		**59,791.97**	**45,236.05**
Total equity and liabilities		**1,81,648.76**	**1,38,922.87**

See accompanying notes forming part of these standalone financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place: Bengaluru
Date: 02 September 2021

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

K.Ranga Raju
Director
DIN No: 00043186
Place: Hyderabad
Date: 02 September 2021

Krishnam Raju
Managing Director
DIN No: 00064614
Place: Boston
Date: 02 September 2021

Sivaramakrishnan Chittor
Chief Financial Officer
Place: Hyderabad
Date: 02 September 2021

Runa Karan
Company Secretary
Membership No.: A13721
Place: Hyderabad
Date: 02 September 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH

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

		Note	For the year ended	
			31 March 2021	**31 March 2020**
	Income			
I	Revenue from operations	27	75,146.78	72,535.95
II	Other income	28	2,728.87	1,783.69
III	**Total income (I + II)**		**77,875.65**	**74,319.64**
IV	**Expenses**			
	Cost of materials consumed	29	23,269.09	20,743.38
	Purchase of stock-in-trade		-	28.40
	Changes in inventories of work-in-progress	30	(1,649.83)	(551.17)
	Employee benefits expense	31	20,363.78	20,249.71
	Finance costs	32	2,934.36	1,866.06
	Depreciation and amortisation expense	33	7,177.18	5,235.55
	Other expenses	34	17,022.98	15,339.12
	Total expenses (IV)		**69,117.56**	**62,911.05**
V	**Profit before tax (III - IV)**		**8,758.09**	**11,408.59**
VI	**Tax expense**	35		
	(1) Current tax		372.57	2,047.67
	(2) Deferred tax		1,855.12	1,346.63
	Total tax expense (VI)		**2,227.69**	**3,394.30**
VII	**Profit for the year (V - VI)**		**6,530.40**	**8,014.29**
VIII	**Other comprehensive income**			
A.	(i) Items that will not be reclassified to profit or loss:			
	(a) Re-measurement of defined benefit plans		82.72	113.96
	(ii) Income-tax on items that will not be reclassified to profit or loss		(20.82)	(39.82)
			61.90	**74.14**
B.	(i) Items that will be reclassified to profit or loss:			
	(a) Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge		502.72	(669.90)
	(b) Exchange differences on translating foreign operations		-	(122.28)
	(ii) Income-tax on items that will be reclassified to profit or loss		(126.53)	276.82
			376.19	**(515.36)**
	Total other comprehensive income for the year, net of tax (A + B)		**438.09**	**(441.22)**
	Total comprehensive income for the year (VII + VIII)		**6,968.49**	**7,573.07**
IX	**Earnings per equity share (in absolute ₹ terms)**	36		
	Basic		38.55	48.95
	Diluted		37.88	48.74

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH (contd….)

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

See accompanying notes forming part of these standalone financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place: Bengaluru
Date: 02 September 2021

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

K.Ranga Raju
Director
DIN No: 00043186
Place: Hyderabad
Date: 02 September 2021

Krishnam Raju
Managing Director
DIN No: 00064614
Place: Boston
Date: 02 September 2021

Sivaramakrishnan Chittor
Chief Financial Officer
Place: Hyderabad
Date: 02 September 2021

Runa Karan
Company Secretary
Membership No.: A13721
Place: Hyderabad
Date: 02 September 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH

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

	For the year ended	
	31 March 2021	**31 March 2020**
Cash flow from operating activities		
Profit before tax	**8,758.09**	**11,408.59**
Adjustments for :		
Depreciation and amortisation expense	7,177.18	5,235.55
Interest income	(827.46)	(952.65)
Equity -settled share-based payments	242.00	210.00
(Gain)/Loss on sale of property, plant and equipment, net	183.30	12.27
Finance costs	2,934.36	1,866.06
Bad debts written off (net of recoveries)	18.48	428.83
Unrealised foreign exchange loss / (gain), net	(515.39)	85.83
Provision towards doubtful trade receivables, net	45.99	150.00
Provisions no longer required written back	(317.92)	-
Operating cash flows before working capital changes	**17,698.63**	**18,444.48**
(Increase)/decrease in loans & deposits	(36.98)	(27.08)
(Increase)/decrease in other non-current assets	(597.23)	(2,014.64)
(Increase)/decrease in inventories	(3,039.73)	148.66
(Increase)/decrease in trade receivables	6,978.37	(3,188.67)
Increase in other current assets	(10,620.04)	(3,298.41)
Increase in other financial assets - current	(13,025.46)	(528.15)
Increase in trade payables	761.32	2,805.90
Increase in other financial liabilities & provisions	23.41	348.16
Increase in other non-current and current liabilities	934.32	122.99
Cash generated from operating activities	**(923.39)**	**12,813.24**
Income-taxes paid, net	(1,670.12)	(1,937.89)
Net cash generated from operating activities (A)	**(2,593.51)**	**10,875.35**
Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets (including capital work in progress, capital advances and capital creditors)	(24,106.27)	(24,752.41)
Proceeds from sale of property, plant and equipment	128.66	15.15
Investments in subsidiaries	(4,098.18)	(2,234.24)
Movement in other bank balances, net	(212.75)	105.73
Interest income received	343.03	925.66
Net cash used in investing activities (B)	**(27,945.51)**	**(25,940.11)**
Cash flows from financing activities		
Proceeds from issue of equity shares	99.57	84.04
Proceeds from current borrowings, net	16,177.99	6,479.03
Proceeds from non-current borrowings	22,118.00	1,749.91
Repayment of non-current borrowings	(2,584.38)	(3,973.97)
Lease payments	(2,314.74)	(2,310.71)
Interest paid #	(3,138.53)	(2,168.46)
Net cash generated from/(used in) financing activities (C)	**30,357.91**	**(140.16)**
Net decrease in cash and cash equivalents during the year (A + B + C)	**(181.11)**	**(15,204.92)**
Effect of exchange differences on cash and cash equivalents held in foreign currency	-	0.10
Cash and cash equivalents at the beginning of the year	3,612.14	18,816.96
Cash and cash equivalents at the end of the year (Note 1 below)	**3,431.03**	**3,612.14**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH (contd….)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	As at 31 March 2021	31 March 2020
Note 1:		
Cash and cash equivalents includes		
Cash on hand	2.01	2.69
Balances with banks		
-in current accounts	6,041.76	2,538.13
-in cash credit accounts	(2,612.74)	(4,931.64)
-in deposit accounts (with maturity of 3 months or less)*	-	6,002.96
	3,431.03	**3,612.14**

*Represents deposits held as margin money with banks.

Interest paid in cash flow from financing activities includes borrowing cost capitalised as property, plant and equipment and CWIP during the year amounting to ₹ 226.20 (31 March 2021: ₹ 421.61)

Note 2:

Reconciliation between the opening and closing balances in balance sheet for financial liabilities arising from financing activities are given below:

Particulars	As at 31 March 2020	Net Proceeds/ (Repayments)	Foreign exchange loss/(gain)	As at 31 March 2021
Non-current borrowings (including current maturities)	8,211.71	19,533.62	128.20	27,873.53
Current borrowings (excluding cash credit)	22,156.20	13,859.09	(219.05)	35,796.24
Total	**30,367.91**	**33,392.71**	**(90.85)**	**63,669.77**

Particulars	As at 31 March 2019*	Proceeds/ (Repayments)	Foreign exchange loss/(gain)	As at 31 March 2020
Non-current borrowings (including current maturities)	10,104.04	(2,224.06)	331.73	8,211.71
Current borrowings (excluding cash credit)	14,906.16	6,417.06	832.98	22,156.20
Total	**25,010.20**	**4,193.00**	**1,164.71**	**30,367.91**

* Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 46)

See accompanying notes forming part of these standalone financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

Sathya P. Koushik
Partner
Membership No.: 206920

K.Ranga Raju
Director
DIN No: 00043186
Place: Hyderabad
Date: 02 September 2021

Krishnam Raju
Managing Director
DIN No: 00064614
Place: Boston
Date: 02 September 2021

Sivaramakrishnan Chittor
Chief Financial Officer
Place: Hyderabad
Date: 02 September 2021

Runa Karan
Company Secretary
Membership No.: A13721
Place: Hyderabad
Date: 02 September 2021

Place: Bengaluru
Date: 02 September 2021

Standalone Statement of Changes in Equity for the year ended 31 March 2021

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

A Share Capital

	Equity		Preference		Total
	Number of shares	Amount	Number of shares	Amount	Amount
As at 31 March 2019	**1,63,66,728**	**1,636.67**	-	-	**1,636.67**
Changes in share capital during the year	16,201	1.62	-	-	1.62
As at 31 March 2020	**1,63,82,929**	**1,638.29**	-	-	**1,638.29**
Changes in share capital during the year	10,46,650	104.67	4,80,000	38.69	143.36
As at 31 March 2021	**1,74,29,579**	**1,742.96**	**4,80,000**	**38.69**	**1,781.65**

B Other Equity

	Share application money pending allotment	Shares pending allotment	Reserves and Surplus				Other comprehensive income		Total
			Capital reserve	Securities premium	Employee stock options outstanding account	Retained earnings	Effective portion of cash flow hedges	Foreign currency translation reserve	
Balance as at 31 March 2019*	-	-	**112.23**	**38,076.78**	**302.85**	**31,492.64**	**(101.34)**	**79.56**	**69,962.72**
Adjustment pursuant to scheme of arrangement (refer note 47)	-	-	-	-	-	(165.07)	-	-	(165.07)
Amount transferred on exercise/forfeiture of employee stock options	-	-		-	(6.95)	6.95	-	-	-
Profit for the year	-	-	-	-	-	8,014.29	-	-	8,014.29
Other comprehensive income	-	-	-	-	-	113.96	(669.90)	(122.28)	(678.22)
Income-tax on items that will not be reclassified to profit or loss	-	-	-	-	-	(39.82)	-	-	(39.82)
Income-tax on items that will be reclassified to profit or loss	-	-	-	-	-	-	234.09	42.72	276.81
Total comprehensive income	-	-	-	-	-	**8,088.43**	**(435.81)**	**(79.56)**	**7,573.06**
Shares allotted during the year	-	-	-	82.42	-	-	-	-	82.42
Shares pending allotment	-	140.42	-	-	-	-	-	-	140.42
Share-based payment expense	-	-	-	-	210.00	-	-	-	210.00
Balance as at 31 March 2020	-	**140.42**	**112.23**	**38,159.20**	**505.90**	**39,422.95**	**(537.15)**	-	**77,803.55**
Amount transferred on exercise/forfeiture of employee stock options	-	-		-	(41.81)	41.81	-	-	-
Profit for the year	-	-	-	-	-	6,530.40	-	-	6,530.40
Other comprehensive income	-	-	-	-	-	82.72	502.72	-	585.44
Income-tax on items that will not be reclassified to profit or loss	-	-	-	-	-	(20.82)	-	-	(20.82)
Income-tax on items that will be reclassified to profit or loss	-	-	-	-	-	-	(126.53)	-	(126.53)
Total comprehensive income	-	-	-	-	-	**6,592.30**	**376.19**	-	**6,968.49**
Shares allotted during the year	-	(140.42)	-	96.63	-	-	-	-	(43.79)
Shares pending allotment	-	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	242.00	-	-	-	242.00
Balance as at 31 March 2021	-	-	**112.23**	**38,255.83**	**706.09**	**46,057.06**	**(160.96)**	-	**84,970.25**

See accompanying notes forming part of these standalone financial statements

* Restated pursuant to retrospective adoption of Ind AS 116 - Leases

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place: Bengaluru
Date: 02 September 2021

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

K.Ranga Raju
Director
DIN No: 00043186

Place: Hyderabad
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Place: Boston
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Sivaramakrishnan Chittor
Chief Financial Officer
Place: Hyderabad
Date: 02 September 2021

Runa Karan
Company Secretary
Membership No.: A13721
Place: Hyderabad
Date: 02 September 2021

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. Corporate Information

Sai Life Sciences Limited ("the Company") is a closely held public limited company domiciled and incorporated in India. The registered office of the Company is situated in Hyderabad, Telangana, and has facilities in the states of Telangana, Karnataka and Maharashtra, India.

The Company carries out contract research and manufacturing activities for customers engaged in pharmaceutical and biotechnology industries.

2. Basis of preparation

Statement of compliance

The standalone financial statements of the Company which comprise of the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of cash flows and the statement of changes in equity ("standalone financial statements") have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules 2015, as amended, issued by the Ministry of Corporate Affairs ('MCA') and other relevant provisions of the Act, as applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date 31 March 2021. These standalone financial statements were authorised for issuance by the Company's Board of Directors on 02 September, 2021.

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

- Certain financial assets and liabilities which are measured at fair value;
- Net defined benefit assets / (liability) are measured at fair value of plan assets, less present value of defined benefit obligations; and
- Share based payments, which are measured at fair value of the options.

Functional and presentation currency

The standalone financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional and presentation currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest lakhs, unless otherwise stated.

3. Use of estimates and judgements

The preparation of standalone financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the standalone Ind AS financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone Ind AS financial statements in the period in which such changes are made and in any future periods affected.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

The Company applies judgement to determine whether each product or service promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. Revenue will be recognised as the customer obtains control of the product and services promised in the Contract. Given the nature of the product and terms and conditions in case of certain contracts, the customer obtains control as the Company performs the work under the contract. Therefore, revenue is recognised over time for such contracts and for other contracts at a point in time. The Company uses the percentage of completion method to measure progress towards completion in respect of fixed price contracts. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the standalone financial statements is included in the following notes:

Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone Ind AS financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Items requiring significant estimate	**Assumption and estimation uncertainty**
Useful lives of property, plant and equipment and Intangible assets	The Company reviews the estimated useful lives of property, plant and equipment and the intangible assets at the end of each reporting period. During the current year, there has been no change in life considered for the assets.
Estimation of net realisable value of inventories	Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories the Company makes an estimate of future selling prices and costs necessary to make the sale.
Fair valuation measurement and valuation process	Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.
Contract assets	Contract asset is recognised when the performance obligations are fulfilled and revenue is recognised over a period of time. Estimates are involved in determining the percentage of completion of the contract.
Leases	Contracts are reviewed to evaluate whether the arrangement contains a lease

Items requiring significant estimate	Assumption and estimation uncertainty
Employee benefits	The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.
Provisions, contingencies - Recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources	The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the tax liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is disclosed in the notes to the standalone financial statements.
Provision for taxes	Significant judgments are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions. In assessing the realisability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

4. Summary of significant accounting policies

The standalone financial statements have been prepared using the accounting policies and measurement basis summarized below.

a. Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company presents assets and liabilities in the standalone balance sheet based on current/ non-current classification.

An **asset** is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A **liability** is classified as current when:

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

Current assets / liabilities include the current portion of non-current assets / liabilities respectively. All other assets / liabilities including deferred tax assets and liabilities are classified as non-current.

b. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions or at the rate that closely approximates the rate at the date of transactions. The date of transaction for the purpose of determining the exchange rate on initial recognition of the related asset, expense or income (part of it) is the date on which the entity initially recognises the nonmonetary asset or non-monetary liability arising from payment or receipt of advance consideration Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated into the functional currency at the exchange rate at that date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the standalone statement of profit and loss in the year in which they arise, except in case of exchange differences relating to long-term foreign currency monetary items, to the extent they are used for financing the acquisition of property, plant and equipment ("PPE") and drawn on or before 1 April 2016, are added to or subtracted from the cost of such PPE. In accordance with Ind AS 101 First time adoption of Indian Accounting Standards the entity continues the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements as on 31 March 2016.

c. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Contract research and manufacturing activities:

With respect to contracts involving research services, in case of 'time and materials' contracts, contract research fee is recognised to the extent of services rendered in accordance with the terms of the contracts. Revenues relating to fixed price contracts are recognised based on the percentage completion method determined based on efforts expended as a proportion to total estimated efforts unless there is uncertainty as to performance, measurement or ultimate collectability in which case, revenue recognition is postponed until completion of the contract terms. The Company monitors the estimates of total contract revenue and cost on a regular basis. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

In respect of contracts involving sale of goods arising out of contract research and manufacturing, revenue is recognised when the control is passed to the buyer.

For performance obligations transferred over time, revenues are recognised by measuring progress towards completion of performance obligation. The selection of method to measure progress towards completion require judgment and is based on the nature of promised goods or services to be provided.

The Company has recognised revenue with respect to cost incurred for certain contracts where revenue is recognised over time and has enforceable right to receive the consideration to the extent of the work performed.

'Bill and hold' sales, in which delivery is delayed at the buyer's request but the buyer takes title and accepts billing, revenue is recognised when the buyer takes title, provided:
(a) it is probable that delivery will be made;
(b) the item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised;
(c) the buyer specifically acknowledges the deferred delivery instructions; and
(d) the usual payment terms apply.

Revenue is not recognized when there is simply an intention to acquire or manufacture the goods in time for delivery.

Interest income
Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) method.

Dividend income
Dividend income is recognised when the Company's right to receive the payment is established, which is generally, when shareholders approve the dividend.

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

d. Property, plant and equipment (PPE)

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Exchange differences arising on long-term foreign currency monetary items initially recognized in the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP are capitalised.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Any gain or loss on disposal of an item of PPE is recognised in standalone statement of profit and loss.

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

Depreciation
Depreciation on items of PPE is provided on the straight-line method, computed on the basis of useful lives as estimated by the management which coincides with the useful lives mentioned in Schedule II to the Companies Act, 2013. Freehold land are not depreciated.

The estimated useful lives of the assets are based on a technical evaluation reflecting actual usage of assets.

Asset Category	**Estimated useful life (in years)**
Buildings	30
Leasehold improvements	Over the lease period
Plant and equipment	15-20
Furniture	10
Freehold Vehicles	8-10
Freehold Computers	3

Items of PPE acquired wholly or partly with specific grant / subsidy from government (or) customers, are recorded at the acquisition cost to the Company and the amount received under the grant pending donor approval or conditions to be fulfilled is disclosed as a liability.

Depreciation on additions / disposals is provided on a pro-rata basis i.e. from / up to the date on which asset is ready for use / disposed-off.

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

e. Intangible assets

Internally generated

Expenditure on research activities is recognised in standalone statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in standalone statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in standalone statement of profit and loss as incurred.

The intangible assets are amortized over a period of 6 years, on a straight line basis.

f. Impairment

Impairment of tangible and intangible assets

The carrying amounts of the Company's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised in the standalone statement of profit and loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised.

Impairment of financial assets
In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

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

Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount in the standalone statement of profit and loss. The Company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

g. Inventories
Inventories are measured at the lower of cost and net realisable value. The method of determining cost of various categories of inventories is as follows:
(i) Raw materials – Weighted average cost. Cost includes purchase cost and other attributable expenses
(ii) Stores and spares and packing material – Weighted average cost
(iii) Finished goods and work-in-process - is based on average cost of production or conversion which comprises direct material costs, direct wages and applicable overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Chemicals, reagents and consumables held for use in the production of finished products / rendering of services are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products / services will exceed their net realisable value.

h. Measurement of fair values
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

i. Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

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

- amortised cost;
- fair value through other comprehensive income (“FVOCI”) – debt investment;
- FVOCI – equity investment; or
- FVTPL

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

Amortised cost

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

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

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

FVOCI – debt investment

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

FVTOCI - Equity investment

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

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the standalone statement of profit and loss.

FVTPL

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

Financial liabilities

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

De-recognition

Financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset; or the company has neither transferred nor retained substantially all the risk and rewards of the asset but has transferred control of the asset.

Financial liabilities

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments:

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 Company designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions and variable interest rate risk associated with borrowings (cash flow hedges).

The Company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

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 also classified as a current asset or liability when expected to be realised/settled within 12 months of the balance sheet date.

(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).

When option contracts are used to hedge forecast transactions, the group designates only the intrinsic value of the option contract as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedging reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When the hedged forecast transaction results in the recognition of a non-financial asset (for example inventory), the amounts accumulated in equity are transferred to profit or loss as follows:

- With respect to gain or loss relating to the effective portion of the intrinsic value of option contracts, both the deferred hedging gains and losses and the deferred aligned time value of the option contracts are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales).

- With respect to gain or loss relating to the effective portion of the spot component of forward contracts, both the deferred hedging gains and losses and the deferred aligned forward points are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales).

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance cost'.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses). Hedge ineffectiveness is recognised in profit and loss within other gains/(losses).

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

(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 and are included in other gains/(losses).

Dividend distribution to equity holders of the Company
The Company recognises a liability to make dividend distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

j. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee
The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has

substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. At the date of commencement of the lease, the Company recognises a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for 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 recognises 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 recognised 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 lease term and useful life of the underlying asset. The lease liability is initially measured at amortised 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 these 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. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

k. Business combination

The Company accounts for its business combinations under acquisition method of accounting, where applicable. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

Transaction costs incurred in connection with a business combination are expensed as incurred.

Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity is recorded in shareholders’ equity.

l. Cash and cash equivalents

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

m. Government Grants

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to Income are recognized in standalone statement of profit and loss as other operating revenues.

n. Investments in the nature of equity in subsidiaries

The Company has elected to recognise its investments in equity instruments in subsidiaries at cost in the separate financial statements in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

o. Borrowing costs

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

p. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

Short-term employee benefits

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

Long-term employee benefits

Employee benefits payable after twelve months of receiving employee services are classified as long-term employee benefits. These benefits primarily include one-off retention incentive and long-term bonus provision, in accordance with the policy of the company. The company accrues these costs based on the expected pay out and the same is amortised over a period of services.

Gratuity

The Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's last drawn salary and the tenure of the employment with the Company. Liability with regard to the Gratuity Plan is determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme. The Company recognises the net obligation of a defined benefit plan as a liability in its standalone balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognized in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the standalone statement of profit and loss. The net interest on net defined benefit liability which reflects the change in net defined benefit liability that arises from the passage of time is considered as finance cost and disclosed under “Finance costs”

Compensated absences
The Company’s policy permits employees to accumulate and carry forward a portion of unutilized compensated absences and utilize them in future periods or receive cash in lieu thereof in accordance with the terms of such policy. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet.

Share based compensation

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

q. Provisions, contingent liabilities and contingent assets

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or

- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

r. Income taxes

Tax expense recognized in standalone statement of profit and loss consists of current and deferred tax except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax liability are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

s. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding during the year for the effects of all dilutive potential equity shares.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

6. Property, plant and equipment

	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Furnitures and fixtures*	Vehicles	Computers	Total
Cost or deemed cost								
Balance as at 1 April 2019	523.87	8,929.87	543.71	27,189.88	805.51	558.67	983.12	**39,534.63**
Additions (refer note i & ii below)	-	6,934.99	54.07	19,903.08	555.15	5.22	436.68	**27,889.19**
Disposals/retirement	-	-	-	65.10	-	10.35	-	**75.45**
Balance as at 31 March 2020	**523.87**	**15,864.86**	**597.78**	**47,027.86**	**1,360.66**	**553.54**	**1,419.80**	**67,348.37**
Additions (refer note i & ii below)		1,993.33	291.22	10,391.88	143.78	-	844.20	**13,664.41**
Adjustments								**-**
Disposals/retirement	-			505.38	9.17			**514.55**
Balance as at 31 March 2021	**523.87**	**17,858.19**	**889.00**	**56,914.36**	**1,495.27**	**553.54**	**2,264.00**	**80,498.23**
Accumulated depreciation								
Balance as at 1 April 2019	-	775.77	364.40	4,912.24	214.27	453.09	390.32	**7,110.09**
Charge for the year	-	390.49	91.69	2,504.53	98.26	82.89	243.37	**3,411.23**
Adjustments	-	-	-	-	-	-	-	**-**
Disposals/retirement	-	-	-	38.20	-	9.83	-	**48.03**
Balance as at 31 March 2020	**-**	**1,166.26**	**456.09**	**7,378.57**	**312.53**	**526.15**	**633.69**	**10,473.29**
Charge for the year		567.87	83.50	3,507.71	138.41	21.76	426.24	**4,745.49**
Adjustments		-	-	-	-	-	-	**-**
Disposals/retirement		-	-	194.18	5.66			**199.85**
Balance as at 31 March 2021	**-**	**1,734.13**	**539.59**	**10,692.10**	**445.28**	**547.91**	**1,059.93**	**15,018.93**
Net carrying amount								
As at 31 March 2020	**523.87**	**14,698.60**	**141.69**	**39,649.29**	**1,048.13**	**27.39**	**786.11**	**56,875.08**
As at 31 March 2021	**523.87**	**16,124.06**	**349.41**	**46,222.26**	**1,049.99**	**5.63**	**1,204.07**	**65,479.30**

Capital work-in-progress :₹ 19,246.08 (31 March 2020: ₹ 7,896.67) (refer note i)

*Includes office equipment

Notes

i) Additions to Capital work-in-progress and Property, plant & equipment during the year ended 31 March 2021 includes borrowing cost amounting to ₹226.20 (31 March 2020: ₹421.61).

ii) Foreign exchange loss of Nil (31 March 2020: ₹ 28.03) for the year ended 31 March 2021 has been adjusted to the cost of property, plant and equipment. Such net gain or loss represen the exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to borrowing cost, pursuant to the policy adopted by the Company for its transition to Ind AS.

iii) Refer note 19 for details of property, plant and equipment subject to charge on secured borrowings.

iv) The Company has adopted Ind AS 116 using full retrospective method during previous year. Refer note 46 for details

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

7. Right-of-use assets

	Leasehold land	Buildings	Vehicles	Computers	Total
Cost					
Balance as at 1 April 2019	**334.16**	**5,154.91**	**2,587.82**	**371.09**	**8,447.98**
Additions during the year	1,058.43	428.77	87.81	-	1,575.01
Disposals/retirement	-	-	28.06	-	28.06
Balance as at 31 March 2020	**1,392.59**	**5,583.68**	**2,647.57**	**371.09**	**9,994.93**
Additions during the year	-	2,259.36	908.44	537.82	3,705.62
Disposals/retirement/adjustments	-	1,103.53	1,156.15	-	2,259.68
Balance as at 31 March 2021	**1,392.59**	**6,739.51**	**2,399.86**	**908.91**	**11,440.87**
Accumulated depreciation					
Balance as at 1 April 2019	**42.29**	**2,839.48**	**975.71**	**264.00**	**4,121.48**
Charge for the year	30.51	960.53	617.05	56.91	1,665.00
Disposals/retirement	-	-	28.06	-	28.06
Balance as at 31 March 2020	**72.80**	**3,800.01**	**1,564.70**	**320.91**	**5,758.42**
Charge for the year	31.27	1,203.32	976.40	37.77	2,248.76
Disposals/retirement/adjustments	-	294.41	634.26	-	928.67
Balance as at 31 March 2021	**104.07**	**4,708.92**	**1,906.84**	**358.68**	**7,078.51**
Net carrying amount					
As at 31 March 2020	**1,319.79**	**1,783.67**	**1,082.87**	**50.18**	**4,236.51**
As at 31 March 2021	**1,288.52**	**2,030.59**	**493.02**	**550.23**	**4,362.36**

Note:
The Company during the previous year has adopted Ind AS 116 using full retrospective method. Refer note 45 and 46.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

8. Other intangible assets

	Acquired software	Total
Cost or deemed cost		
Balance as at 1 April 2019	**888.28**	**888.28**
Additions during the year	126.48	126.48
Disposals/retirement	-	-
Balance as at 31 March 2020	**1,014.76**	**1,014.76**
Additions during the year	23.65	23.65
Disposals/retirement	-	-
Balance as at 31 March 2021	**1,038.41**	**1,038.41**
Accumulated amortization		
Balance as at 1 April 2019	**293.83**	**293.83**
Charge for the year	159.32	159.32
Disposals/retirement	-	-
Balance as at 31 March 2020	**453.15**	**453.15**
Charge for the year	182.93	182.93
Disposals/retirement	-	-
Balance as at 31 March 2021	**636.08**	**636.08**
Net carrying amount		
As at 31 March 2020	**561.61**	**561.61**
As at 31 March 2021	**402.33**	**402.33**

9. Investments

	As at 31 March 2021	As at 31 March 2020
Non-current		
Investment in equity instruments		
Unquoted		
Investments in subsidiary (at cost)		
Sai Life Sciences Inc, USA	2.25	2.25
5,000 (31 March 2020: 5,000) capital stock of USD 1 each fully paid-up		
24,284 (31 March 2020: 14,563) capital stock of USD 103 each fully paid-up	1,846.67	1,082.24
1,10,565 (31 March 2020: Nil) capital stock of USD 40.70 each fully paid-up	3,333.75	-
Sai Life Pharma Private Limited	1,151.00	1,151.00
1,15,10,000 (31 March 2020: 1,15,10,000) equity of ₹ 10 each fully paid-up		
Sai Life Drugform Private Limited	1.00	1.00
10,000 (31 March 2020: 10,000) equity of ₹ 10 each fully paid-up		
Total investments in subsidiaries (A)	**6,334.67**	**2,236.49**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

	As at 31 March 2021	As at 31 March 2020
Others(at fair value through OCI)		
Jeedimetla Effluent Treatment Limited	0.50	0.50
500 (31 March 2020: 500) equity shares of ₹100 each fully paid-up		
Patancheru Envirotech Limited	1.09	1.09
10,878 (31 March 2020: 10,878) equity shares of ₹10 each fully paid-up		
Total investment in others (at fair value through OCI) (B)	**1.59**	**1.59**
Total non-current investments (A) + (B)	**6,336.26**	**2,238.08**
Aggregate value of unquoted investments	6,336.26	2,238.08
10. Other financial assets		
Non-current		
Derivative financial asset - Fair Value Through Other Comprehensive Income (FVTOCI)	-	3.69
Fixed Deposits with maturity more than 12 months*	50.00	-
	50.00	**3.69**
*Represents deposits held as margin money with banks.		
Current		
Unbilled revenue*	1,336.49	419.52
Receivable from related parties (Refer note 40)	-	391.51
Derivative financial asset - FVTOCI	45.06	4.10
Corporate Deposits	12,500.00	-
Interest accrued but not due on bank deposits	494.77	10.34
	14,376.32	**825.47**
*Classified as financial asset as right to consideration is unconditional upon passage of time		
11. Non-current tax assets (net)		
Advance income-tax (net of provision for taxation)	1,284.35	387.55
	1,284.35	**387.55**
Refer Note 35 for details of income tax expense		
12. Other assets		
(Unsecured, considered good)		
Non-current		
Capital advances	1,000.39	2,157.06
Prepaid expenses	244.78	13.69
Balances with statutory authorities	3,285.82	2,919.68
Tax demand paid under protest	398.67	398.67
	4,929.66	**5,489.10**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

		As at 31 March 2021	As at 31 March 2020
	Current		
	Advance to suppliers	1,546.87	832.71
	Prepaid expenses	719.46	507.97
	Contract assets	20,293.06	9,330.55
	Balances with statutory authorities	6,558.42	7,046.52
	Export incentives receivable	652.39	1,435.15
	Other Receivables	2.74	-
		29,772.94	**19,152.90**
13.	**Inventories**		
	Raw materials and packing materials	2,997.58	1,949.86
	Work-in-progress	3,645.92	1,996.09
	Stores and spares	689.13	346.95
		7,332.63	**4,292.90**
	Refer note 4(g) for basis of valuation and for details of inventories pledged, refer note 19		
14.	**Trade receivables**		
		As at 31 March 2021	**As at 31 March 2020**
	(a) Secured, considered good	20,269.80	26,945.07
	(b) Trade receivables which have significant increase in credit risk	668.66	622.67
		20,938.46	**27,567.74**
	Less: Allowance for doubtful receivables	668.66	622.67
		20,269.80	**26,945.07**
	Refer Note 38B for the Company's credit risk management process.		
15.	**Cash and cash equivalents and other bank balances**		
(i)	**Cash and cash equivalents**		
	Cash on hand	2.01	2.69
	Balances with banks		
	-in current accounts	6,041.76	2,538.13
	-in deposit accounts (with maturity of 3 months or less)*	-	6,002.96
		6,043.77	**8,543.78**
	*Includes deposits held as margin money with banks		
(ii)	**Bank balances other than above**		
	Margin money/Deposit	965.96	753.21
		965.96	**753.21**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

		As at 31 March 2021	As at 31 March 2020
(iii)	**For the purpose of statement of cash flows, cash and cash equivalents comprise of following:**		
	Cash and cash equivalents (as per (i) above)	6,043.77	8,543.78
	Less: Cash credit facilities (refer note 19)	(2,612.74)	(4,931.64)
		3,431.03	**3,612.14**
16.	**Loans**		
	(Unsecured, considered good)		
	Non-current		
	Security deposits	372.64	329.83
		372.64	**329.83**
	Current		
	Security deposits	405.54	362.14
	Loans to employees	18.82	29.28
		424.36	**391.42**

17. Equity share capital

i. Authorised share capital

	As at 31 March 2021		As at 31 March 2020	
	Number	**Amount**	**Number**	**Amount**
Equity shares of ₹10 each	2,03,00,000	2,030.00	2,14,00,000	2,140.00
Optionally convertible preference shares of ₹10 each	6,00,000	60.00	-	-
Compulsorily convertible preference shares of ₹10 each	5,00,000	50.00	-	-
	2,14,00,000	**2,140.00**	**2,14,00,000**	**2,140.00**

ii. Issued, subscribed and fully paid up

	As at 31 March 2021		As at 31 March 2020	
	Number	**Amount**	**Number**	**Amount**
Equity shares of ₹10 each	1,74,29,579	1,742.96	1,63,82,929	1,638.29
Compulsorily convertible preference shares of ₹ 10 each partly paid up of ₹ 8.06 each	4,80,000	38.69	-	-
	1,79,09,579	**1,781.65**	**1,63,82,929**	**1,638.29**

Refer note 18(e) for shares issued subsequently for the pending allotment during previous year.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

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

	31 March 2021		31 March 2020	
	Number	**Amount**	**Number**	**Amount**
Equity shares				
Balance at the beginning of the year	1,63,82,929	1,638.29	1,63,66,728	1,636.67
Add: Shares issued during the year	10,46,650	104.67	16,201	1.62
Balance at the end of the year	**1,74,29,579**	**1,742.96**	**1,63,82,929**	**1,638.29**

	31 March 2021		31 March 2020	
	Number	**Amount**	**Number**	**Amount**
Preference shares				
Balance at the beginning of the year	-	-	-	-
Add: Shares issued during the year-CCPS	4,80,000	38.69	-	-
Balance at the end of the year	**4,80,000**	**38.69**	**-**	**-**
	1,79,09,579	**1,781.65**	**1,63,82,929**	**1,638.29**

iv. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company’s residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

v. Rights, preferences and restrictions attached to preference shares

The Company has two classes of preference shares viz, CCPS and OCPS. The preference shares are entitled to receive dividend @ 0.01% as declared from time to time on a non-cumulative basis. The said shares are partly paid to the tune of INR 8.06 per share and the same will be treated as fully paid-up upon receiving the payment on final call made for INR 1.94 per share.

vi. Details of shareholders holding more than 5% equity shares in the Company

	31 March 2021		31 March 2020	
Name of the equity shareholders	**Number**	**% holding**	**Number**	**% holding**
TPG ASIA VII SF PTE LTD	76,20,180	43.72%	76,20,180	46.51%
Kanumuri Mytreyi (a Partner of Marigold Partners)	17,82,378	10.23%	-	-
K.Mytreyi	-	-	17,11,633	10.45%
Ranga Raju Kanumuri (a Partner of Sunflower Partners)	11,40,729	6.54%	-	-
K.Ranga Raju	-	-	11,36,636	6.94%
Sai Quest Syn Private Limited	10,68,748	6.13%	10,68,748	6.52%
HBM Private Equity India	10,55,732	6.06%	10,55,732	6.44%
G. Subba Raju	9,38,730	5.39%	9,38,730	5.73%

vii. Details of shareholders holding more than 5% preferance shares CCPS in the Company

	31 March 2021		31 March 2020	
Name of the Preferance shareholders	**Number**	**% holding**	**Number**	**% holding**
Kanumuri Mytreyi (a Partner of Marigold Partners)	1,68,134	35.03%	-	-
Ranga Raju Kanumuri (a Partner of Sunflower Partners)	1,67,866	34.97%	-	-
Kanumuri Mytreyi (a Partner of Tulip Partners)	72,058	15.01%	-	-
Ranga Raju Kanumuri (a Partner of Lily Partners)	71,942	14.99%	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

viii. Shares reserved for issue under options

(a) Employee stock option plan - 2004 ("ESOP 2004")

The Company established a plan ESOP 2004 under which 300,000 equity shares of ₹10 each were earmarked and approved by the Shareholders at the Extraordinary General Meeting held on 13 September 2004. These options shall vest at the end of three years from the grant date. The vested options can be exercised by the employee during his term of employment with the Company.

Employee stock option plan - 2006 ("ESOP 2006")

The Company established a plan ESOP 2006 under which 350,000 equity shares of ₹10 each were earmarked and approved by the Shareholders at the Annual General Meeting held on 16 August 2006. 60% of the options granted shall vest at the end of three years from the grant date and 40% of the options granted shall vest at the end of five years from the grant date. The vested options can be exercised by the employee during his term of employment with the Company.

Sai Employee stock option scheme - 2008 ("SESOS 2008")

The Company established a plan SESOS approved by the Shareholders at the Annual and Extraordinary General Meetings held on 11 September 2008 and 30 March 2009 respectively. As per the scheme, maximum number of employee stock options are restricted to 10% of paid up share capital of the Company. Out of which, 50% of the options granted shall vest at the end of two years from the grant date and the balance 50% of the options shall vest at the end of four years from the grant date. The vested options can be exercised by the employee during his term of employment with the Company.

Under this scheme, the company granted additional employee stock options approved by the Shareholders at the Extraordinary General Meeting held on 25 July 2018. The options granted shall vest 20% at the end of every year from the grant date for a period of 5 years. The vested options can be exercised by the employee during his term of employment with the Company.

Management ESOP scheme - 2018 ("MES 2018")

The Company established a plan MES 2018 approved by the Shareholders at the Extraordinary General Meeting held on 25 July 2018. As per the scheme maximum number of shares reserved under this scheme is 4% of the paid up equity capital of the Company on a fully diluted basis as on the Effective Date. The options granted shall vest 20% at the end of every year from the grant date for a period of 5 years. The vested options can be exercised by the employee during his term of employment with the Company.

The terms of the above schemes provide that each option entitles the holder to one equity share of ₹10 each and that the options can be settled only by way of issue of equity shares. The options granted are entirely time-based for ESOP 2004, ESOP 2006, SESOS 2008 and MES 2018 is time and performance based

(b) During the year ended 31 March 2021, the Company had incurred stock compensation cost of ₹242 (31 March 2020: ₹210) towards the above schemes.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

(c) Stock options activity is as follows:

No. of options

Under ESOP 2004 plan	**As at 31 March 2021**	**As at 31 March 2020**
Outstanding at the beginning of the year	5,000	5,000
Granted during the year	-	-
Forfeited during the year	(3,000)	-
Exercised during the year	-	-
Outstanding at the end of the year	2,000	5,000
Weighted average exercise price (₹)	30	30
Exercisable at the end of the year	2,000	5,000

No. of options

Under ESOP 2006 plan	**As at 31 March 2021**	**As at 31 March 2020**
Outstanding at the beginning of the year	49	10,000
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	(9,951)
Outstanding at the end of the year	49	49
Weighted average exercise price (₹)	45	45
Exercisable at the end of the year	49	49

No. of options

Under SESOS 2008 scheme	**As at 31 March 2021**	**As at 31 March 2020**
Outstanding at the beginning of the year	4,52,400	4,77,400
Granted during the year	-	10,000
Forfeited during the year	(25,000)	(35,000)
Exercised during the year	(20,400)	-
Outstanding at the end of the year	4,07,000	4,52,400
Weighted average exercise price (in Rupees)	83, 104, 116, 120 & 284	83, 104, 116, 120 & 284
Exercisable at the end of the year	4,07,000	4,52,400

No. of options

Under MES 2018 scheme	**As at 31 March 2021**	**As at 31 March 2020**
Outstanding at the beginning of the year	7,55,000	3,20,000
Granted during the year	80,000	4,35,000
Forfeited/Lapsed during the year	(3,05,000)	-
Exercised during the year	-	-
Outstanding at the end of the year	5,30,000	7,55,000
Weighted average exercise price (in Rupees)	1,273 and 1,889	1,273
Exercisable at the end of the year	5,30,000	7,55,000

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

(d) The fair value of options is estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

	For the year ended 31 March 2020		
Date of grant	**03-Sep-19**	**16-May-19**	**06-Jan-20**
Risk-free interest rate	7.00%	7.00%	7.00%
Expected life (in years)	5	5	5
Expected volatility	21.01%	16.70%	16.70%
Expected dividend yield	0.00%	0.00%	0.00%

	For the year ended 31 March 2021		
	MES 2018	**MES 2018**	**MES 2018**
Date of grant	**10-Jun-20**	**29-Sep-20**	**17-Feb-21**
Risk-free interest rate	7.00%	7.00%	7.00%
Expected life (in years)	5	5	5
Expected volatility	16.70%	16.70%	16.70%
Expected dividend yield	0.00%	0.00%	0.00%

ix. During the period of five years immediately preceding the balance sheet date, no shares have been bought back, issued for consideration other than cash and no bonus shares have been issued.

18. Other equity

	As at 31 March 2021	As at 31 March 2020
Securities premium (Note a)	38,255.83	38,159.20
Capital reserve (Note b)	112.23	112.23
Employee stock options outstanding account (Note c)	706.09	505.90
Retained earnings (Note d)	46,057.06	39,422.95
Shares pending allotment (Note e)	-	140.42
Cash flow hedge reserve (Note f)	(160.96)	(537.15)
	84,970.25	**77,803.55**

Nature and purpose of reserves

(a) Securities premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium. During the year ended 31 March 2021, the Company issued 10,46,650 equity shares.

(b) Capital reserve

Capital reserve pertains to the excess of net assets taken, over the cost of consideration paid pursuant to amalgamation of Advantium Pharma Private Limited with the Company in the earlier years and on forfeiture of certain share warrants issued in the earlier years. The Company uses capital reserve for transactions in accordance with the provisions of the Act.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

(c) Employee stock options outstanding account

Employee stock options outstanding account relates to share options granted by the Company to its employees under its employee share option plan. These will be transferred to retained earnings after exercise of the underlying options.

(d) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(e) Shares pending allotment

The Scheme of Arrangement referred in note 47, which has been approved by the National Company Law Tribunal on August 18, 2020 has been given effect in these financial statements from the appointed date May 1, 2019, in accordance with the terms of the Scheme. Accordingly, 1,020,000 equity shares of Rs. 10 each and 480,000 compulsorily convertible preference shares of Rs. 10 each, partly paid-up of Rs. 8.06 each to be issued as consideration to the shareholders of transferor company as on the appointed date, have been accounted as shares pending allotment during previous year have been alloted during the current year. Further, 600,000 optionally convertible preference shares of Rs. 10 each, partly paid-up Rs. 8.06 each to be issued have been considered as financial liability which is pending allotment during the previous year have been alloted during the year (refer note 21).

(f) Cash flow hedge reserve

Cash flow hedge reserve represents effective portion of cash flow hedges taken to Other comprehensive income.

Movement in other equity

		As at 31 March 2021	As at 31 March 2020
1)	**Securities premium**		
	Balance at the beginning of the year	38,159.20	38,076.78
	Add: Amount on account of shares issued (net of related expenses)	96.63	82.42
	Balance at the end of the year	**38,255.83**	**38,159.20**
2)	**Capital reserve**		
	Balance at the beginning of the year	112.23	112.23
	Movement during the year	-	-
		112.23	**112.23**
3)	**Employee stock options outstanding account**		
	Balance at the beginning of the year	505.90	302.85
	Amount transferred on exercise/forfeiture of employee stock options	(41.81)	(6.95)
	Share-based payment expense	242.00	210.00
		706.09	**505.90**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

		As at 31 March 2021	As at 31 March 2020
4)	**Retained earnings**		
	Balance at the beginning of the year	39,422.95	31,492.64
	Adjustment pursuant to scheme of arrangement (refer note 47)	-	(165.07)
	Re-measurement of defined benefit obligation (net of tax)	61.90	74.14
	Amount transferred on exercise/forfeiture of employee stock options	41.81	6.95
	Profit for the year	6,530.40	8,014.29
		46,057.06	**39,422.95**
5)	**Shares pending allotment**		
	Balance at the beginning of the year	140.42	-
	Additions during the year	-	140.42
	Allotted during the year	(140.42)	-
		-	**140.42**
6)	**Cash flow hedge reserve**		
	Balance at the beginning of the year	(537.15)	(101.34)
	Effective portion of cash flow hedges (net of tax)	376.19	(435.81)
		(160.96)	**(537.15)**
19.	**Borrowings**		
		As at 31 March 2021	**As at 31 March 2020**
	Non-current		
	(Secured - at amortized cost)		
	Term loans		
	From banks [refer note (i) to (x)]	27,873.53	8,182.05
	Vehicle loans [refer note (xi)]	-	29.66
		27,873.53	**8,211.71**
	Less: Current maturities of long-term loans (refer note 21)	3,229.56	2,254.50
		24,643.97	**5,957.21**

Terms and conditions of loans and nature of security

(i) Foreign currency term loans (USD denominated) from ICICI Bank Limited amounting to ₹ Nil (31 March 2020: 101.77) are secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. These loans carry interest rate of 4.52% per annum and are repayable in unequal quarterly instalments commencing from September 2013 and the last instalment which was due in April 2020 is paid and closed during the year.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

(ii) Term loan from State Bank of India amounting to ₹2,715.34 (31 March 2020: ₹3,400.10) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate ranging from 8.26% to 11.00% per annum and is repayable in unequal quarterly instalment commencing from September 2017 with last instalment falling due in March 2024.

(iii) Term loans (USD denominated) from IndusInd Bank amounting to ₹695.70 (31 March 2020: ₹878.13) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. These loans carry interest rate ranging from 2.75% to 3.95% per annum and are repayable in unequal quarterly instalments commencing from July 2017 with the last instalment falling due in March 2025.

(iv) Term loan from IndusInd Bank amounting to ₹ 341.63 (31 March 2020: ₹ 438.08) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate ranging from 7.41% to 8.58% per annum and was repayable in unequal quarterly instalments commencing from December 2017 and the last repayment falling due in March 2025.

(v) Term loan (USD denominated) from Standard Chartered Bank Limited amounting to ₹ 2,321.70 (31 March 2020: ₹ 3,363.97) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate ranging from 1.98% to 3.38% per annum and is repayable in quarterly instalments commencing from November 2019 with the last instalment falling in August 2023.

(vi) Term loan from Kotak Bank amounting to ₹ 7,432.06 (31 March 2020: ₹ Nil) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate of 7.35% per annum and was repayable in unequal quarterly instalments commencing from November 2022 and the last repayment falling due in August 2027.

(vii) Term loan from HDFC Bank amounting to ₹ 5,000.00 (31 March 2020: ₹ Nil) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate of 9.00% per annum and was repayable in unequal quarterly instalments commencing from July 2021 and the last repayment falling due in April 2026.

(viii) Working capital Term loan facility under Guaranteed Emergency Credit Line from ICICI Bank amounting to ₹ 1,398.00 (31 March 2020: ₹ Nil) is secured by way of pari passu second charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate of MCLR +1% or 9.00% per annum which ever is lower and was repayable in equal Monthly instalments commencing from March 2021 and the last repayment falling due in March 2026.

(ix) Term loan from IndusInd Bank amounting to ₹ 7,489.10 (31 March 2020: ₹ Nil) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate of 7.35% linked to 6 months T-Bill Rate and was repayable in unequal quarterly instalments commencing from March 2022 and the last repayment falling due in December 2028.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

(x) CCECL (Demand loan) from SBI Bank amounting to ₹ 480.00 (31 March 2020: ₹ Nil) is secured by way of pari passu second charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu first charge on all current assets both present and future of the Company. This loan carries interest rate equal to MCLR per annum with monthly rests and was repayable in equal Monthly instalments commencing from Octomber 2020 and the last repayment falling due in March 2022.

(xi) Vehicle loans amounting to Nil (31 March 2020: ₹29.66) are secured by hypothecation of respective vehicles. These are repayable in equated monthly instalments. These loans carries interest rate of 12.00%.

	As at 31 March 2021	As at 31 March 2020
Current		
(Secured - at amortized cost)		
Working capital loans from banks*	32,398.11	20,913.81
(Unsecured - at amortized cost)		
Working capital loans repayable on demand - Buyers credit facility	3,398.13	1,242.39
	35,796.24	**22,156.20**
* Includes cash credit facilities	2,612.74	4,931.64

Note: The above borrowings are secured by way of hypothecation of the Company's goods, book debts, movables and other assets. Interest rate ranges between 1.8% to 8% p.a and the loans are revolving on an annual basis.

20. Lease liabilities *

Non-current	1,953.50	2,035.79
Current	1,063.99	1,781.84
	3,017.49	**3,817.63**

*Refer note 45 and 46

21. Other financial liabilities

Non-current		
Optionally convertible preference shares pursuant to Scheme of Arrangement. (	48.03	48.03
Derivative liabilities - FVTOCI	135.88	258.20
	183.91	**306.23**
Current		
Current maturities of long-term loans (refer note 19)	3,229.56	2,224.84
Current maturities of vehicle loans (refer note 19)	-	29.66
Interest accrued and due on borrowings	152.62	44.47
Interest accrued but not due on borrowings	9.11	31.13
Capital creditors (refer note (a) below)	2,453.47	2,905.14
Derivative liabilities - FVTOCI	76.69	419.94
	5,921.45	**5,655.18**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

a) Capital creditors include outstanding dues of micro enterprises and small enterprises to the extent of ₹ 292.97 (31 March 2020: ₹ 825.55)

22. Provisions

	As at 31 March 2021	As at 31 March 2020
Non-current		
Gratuity	1,365.74	1,193.05
Compensated absences	543.53	340.93
	1,909.27	**1,533.98**
Current		
Gratuity	279.06	243.75
Compensated absences	291.24	215.12
	570.30	**458.87**

Employee benefits

The Company has the following post -employment benefits plans:

(a) **Defined contribution plan**

The following amount has been recognised as an expense in statement of profit and loss account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities

	For the year ended 31 March 2021	For the year ended 31 March 2020
Contribution to provident fund	592.10	623.38
Contribution to employees state insurance schemes	5.83	12.16
	597.93	**635.54**

(b) **Gratuity (unfunded)**

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 day's last drawn salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/ exit, restricted to a sum of ₹ 20.00 in accordance with Payment of Gratuity Act, 1972.This defined benefit plan exposes the company to actuarial risk such as longevity, interest rate risk and market risk & inflation risk.

(i) **Change in defined benefit obligation**

Defined benefit obligation at the beginning of the year	1,436.80	1,249.23
Current service cost	337.69	302.56
Interest cost	85.79	83.99
Actuarial (gain)/loss on obligation		
Loss/(gain) from change in financial assumptions	41.71	44.81
Loss/(gain) on account of experience adjustments	(124.44)	(158.77)
Past service cost	-	-
Benefits paid	(132.75)	(85.02)
Defined benefit obligation at the end of the year	**1,644.80**	**1,436.80**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

		For the year ended 31 March 2021	For the year ended 31 March 2020
(ii)	**Reconciliation of present value of obligation on the fair value of plan assets**		
	Present value of projected benefit obligation at the end of the year (i)	1,644.80	1,436.80
	Funded status of the plans (ii)	-	-
	Net liability recognised in the balance sheet (i)- (ii)	**1,644.80**	**1,436.80**
(iii)	**Expense recognised in the statement of profit and loss**		
	Included under finance cost		
	Interest cost	85.79	83.99
	Included under employee benefits		
	Service cost	337.69	302.56
	Past service cost	-	-
		337.69	302.56
	Net gratuity costs	**423.48**	**386.55**
(iv)	**Expense recognised in other comprehensive income**		
	Recognised net actuarial loss/(gain)	(82.72)	(113.96)
		(82.72)	**(113.96)**
(v)	**Key actuarial assumptions**		
		For the year ended 31 March 2021	**For the year ended 31 March 2020**
	Discount rate	5.70%	6.26%
	Salary escalation rate	10.00%	10.00%
	Expected average remaining service	3.86	3.86
	Mortality	IALM (2012-14) Ultimate	IALM 2006-08 ultimate
	Attrition rate	20.00%	20.00%
	Retirement age-years	58	58

(vi) **Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in the benefit obligation being as follows:

Particulars	**31 March 2021**		**31 March 2020**	
	Increase in rate	**Decrease in rate**	**Increase in rate**	**Decrease in rate**
Discount rate (+ / - 1% movement)	(1,571.77)	1,724.90	(1,373.63)	1,506.03
Salary escalation rate (+ / - 1% movement)	1,710.22	(1,583.19)	1,493.41	(1,383.49)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

Maturity profile of the defined benefit obligation

Expected cash flows over the next :	31 March 2021	31 March 2020
1 year	279.06	243.75
2 - 5 years	862.12	764.31
5 - 10 years	629.22	575.65

23. Deferred tax liabilities (net)

	As at 31 March 2021	As at 31 March 2020
Deferred tax liabilities arising on account of :		
Property, plant and equipment	4,697.72	5,879.14
Contract assets	2,635.61	1,537.05
Others	31.27	31.56
Deferred tax assets arising on account of :		
Unused tax credits	-	(1,775.03)
Right-of-use assets	(16.62)	(22.88)
Provision for employee benefits	(622.29)	(696.38)
Provision for trade receivables and advances	(203.89)	(253.17)
Derivative instruments - FVTOCI	(107.56)	(234.09)
Others	-	(54.43)
Deferred tax liabilities, (net)	**6,414.24**	**4,411.77**

Movement in deferred tax assets/deferred tax liabilities

	1 April 2019	Recognized in statement of profit and loss	Recognized in OCI	31 March 2020
Deferred tax liabilities arising on account of :				
Property, plant and equipment	4,066.20	1,812.94	-	5,879.14
Other non-current assets / financial liabilities	32.84	(1.28)	-	31.56
Contract assets	1,160.93	376.12	-	1,537.05
Deferred tax assets arising on account of :				
Unused tax credits	(1,132.47)	(642.56)	-	(1,775.03)
Right-of-use assets	(42.41)	19.53	-	(22.88)
Provision for employee benefits	(581.19)	(155.01)	39.82	(696.38)
Provision for trade receivables and advances	(190.06)	(63.11)	-	(253.17)
Derivative instruments - FVTOCI	-	-	(234.09)	(234.09)
Others	(11.70)	-	(42.73)	(54.43)
	3,302.14	**1,346.63**	**(237.00)**	**4,411.77**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	1 April 2020	Recognized in statement of profit and loss	Recognized in OCI	31 March 2021
Deferred tax liabilities arising on account of :				
Property, plant and equipment	5,879.14	(1,181.42)	-	4,697.72
Other non-current assets / financial liabilities	31.56	(0.29)		31.27
Contract assets	1,537.05	1,098.56	-	2,635.61
Deferred tax assets arising on account of :				
Unused tax credits	(1,775.03)	1,775.03	-	-
Right-of-use assets	(22.88)	6.26	-	(16.62)
Provision for employee benefits	(696.38)	53.27	20.82	(622.29)
Provision for trade receivables and advances	(253.17)	49.28	-	(203.89)
Derivative instruments - FVTOCI	(234.09)	-	126.53	(107.56)
Others	(54.43)	54.43	-	-
	4,411.77	**1,855.12**	**147.35**	**6,414.24**

		As at 31 March 2021	As at 31 March 2020
24.	**Trade payables**		
	Acceptances	2,452.27	-
	Other than acceptances*	11,973.72	13,703.53
	Of the above		
	(A) Total outstanding dues of micro enterprises and small enterprises (Refer note 44)	840.36	368.65
	(B) Total outstanding dues of creditors other than micro enterprises and small enterprises*	13,585.63	13,334.88
		14,425.99	**13,703.53**
	* Includes amount payable to related parties - Refer note 40		
25.	**Other liabilities**		
	Current		
	Advance from customers	659.31	409.68
	Payable to statutory authorities	824.59	639.90
	Other Advances	500.00	-
		1,983.90	**1,049.58**
26.	**Current tax liabilities (net)**		
	Provision for income tax (net of advance tax)	30.10	430.85
		30.10	**430.85**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

27. Revenue from operations

	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of goods and services		
Revenue from contract research and manufacturing activities	75,028.49	71,898.91
Revenue from sale of traded goods	-	35.34
Other operating income		
Income from export incentives	118.29	543.41
Commission income	-	58.29
	75,146.78	**72,535.95**

28. Other income

Interest income from fixed deposits	756.15	922.11
Interest income on financial assets at amortised cost	38.77	30.54
Foreign exchange gain (net)	1,583.49	831.04
Interest on income tax refund	32.54	-
Provisions no longer required written back	317.92	-
	2,728.87	**1,783.69**

29. Cost of materials consumed

Raw material and packing material at the beginning of the year	1,949.86	2,093.78
Add: Purchases/adjustments	24,316.81	20,599.46
Less: Raw material and packing material at the end of the year	(2,997.58)	(1,949.86)
	23,269.09	**20,743.38**

30. Changes in inventories of work-in-progress

Opening balance		
- Work-in-progress	1,996.09	1,444.92
	1,996.09	**1,444.92**
Closing balance		
- Work-in-progress	3,645.92	1,996.09
	3,645.92	**1,996.09**
	(1,649.83)	**(551.17)**

31. Employee benefits expense

Salaries, wages and bonus (refer note (a) below)	18,120.59	18,038.54
Gratuity	337.69	302.96
Contribution to provident and other funds	597.93	603.07
Employee-share based payment expense-equity settled	242.00	210.00
Staff welfare expenses	1,065.57	1,095.14
	20,363.78	**20,249.71**

(a) Includes contract labour charges of ₹ 1,731.45 (31 March 2020: ₹ 1,952.43)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

		For the year ended 31 March 2021	For the year ended 31 March 2020
32.	**Finance costs**		
	Interest on lease liabilities	315.48	410.11
	Interest on financial liabilities measured at amortised cost (net of borrowing cost capitalised to property, plant and	2,364.42	1,255.91
	Interest on net defined benefit liability	117.90	108.27
	Interest - others	136.56	91.77
		2,934.36	**1,866.06**
33.	**Depreciation and amortisation expense**		
		For the year ended 31 March 2021	**For the year ended 31 March 2020**
	Depreciation of property, plant & equipment (refer note 6)	4,745.49	3,411.23
	Depreciation on right-of-use assets (refer note 7)	2,248.76	1,665.00
	Amortisation of intangible assets (refer note 8)	182.93	159.32
		7,177.18	**5,235.55**
34.	**Other expenses**		
	Consumption of stores and spares	1,999.03	1,940.56
	Power and fuel	2,724.95	2,704.26
	Rent	72.82	69.35
	Repairs and maintenance		
	- Buildings	316.92	190.98
	- Plant and equipment	1,223.91	1,229.90
	- Others	958.64	1,004.21
	Insurance	699.17	635.85
	Rates and taxes	345.59	319.01
	Outside contract cost	214.18	279.28
	Carriage and freight outwards	318.91	237.16
	Communication expenses	155.24	149.29
	Office maintenance and housekeeping expenses	392.96	254.51
	Travelling and conveyance	176.98	885.90
	Legal and professional fees (refer note (i) below)	5,793.61	3,571.75
	Corporate social responsibility (CSR) expenditure (refer note (ii) below)	232.00	148.00
	Provision towards doubtful trade receivables (refer note	45.99	150.00
	Bad debts written off (net of recoveries) (refer note 38B)	18.48	428.83
	Bank charges	276.89	259.74
	Net loss on disposal of property, plant and equipment	183.30	12.27
	Sales promotion expenses including sales commission	115.84	352.01
	Membership and subscription	653.83	402.06
	Printing and stationery	90.08	95.85
	Miscellaneous expenses	13.66	18.35
		17,022.98	**15,339.12**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

		For the year ended 31 March 2021	For the year ended 31 March 2020
(i)	**Details of Auditor's remuneration :**		
	As auditor:		
	- Audit fee	42.50	37.00
	In other capacities:		
	- Certification fees	5.25	5.25
	- Reimbursement of expenses	0.50	0.50
		48.25	**42.75**

(ii) Details of CSR expenditure :

As required under Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. During the year, the Company was required to spend ₹ 215.66 for contributing through Technology, conducting free medical program in rural areas, by taking actions on Environmental sustainability, by associating with NGO education system in rural areas and providing water storage.

Amount spent during the year on:		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	232.00	148.00

35. Income tax

	For the year ended 31 March 2021	For the year ended 31 March 2020
Tax expense comprises of:		
Current tax	372.57	2,047.67
Deferred tax	1,855.12	1,346.63
Income tax expense reported in the statement of profit or l	**2,227.69**	**3,394.30**

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.17% and the reported tax expense in the statement of profit and loss is as follows:
During the year, the Company elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for Income tax for the year ended March 31, 2021 and re-measured its Deferred tax assets/ (liabilities) (net) based on the rate prescribed in the said Ordinance. The full impact of this change has been recognised in the statement of profit and loss and other comprehensive income, for the year ended March 31, 2021.

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

Profit before tax	8,758.09	11,408.59
Tax at the Indian tax rate (25.17%) [31 March 2020: 34.944%]	2,204.41	3,986.62
Adjustments		
Weighted deduction of revenue expenditure Section 35(2AB)	-	(127.60)
Investment allowance - Section 32AC	-	(492.00)
Effect of concessions (Donations and others)	(32.22)	(31.48)
Disallowance of CSR expenditure	58.39	55.53
Others	(2.89)	3.23
Income tax expense	**2,227.69**	**3,394.30**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

36. Earnings per equity share [EPES]

	31 March 2021	31 March 2020
Profit attributable to equity shareholders	6,530.40	8,014.29
Weighted average number of equity shares outstanding during the year	1,69,39,935	1,63,73,223
Effect of dilution:		
Employee stock options	3,00,218	3,92,299
Weighted average number of equity shares adjusted for the effect of dilution	1,72,40,153	1,67,65,522
Earnings per equity share (in absolute ₹ terms) :		
Basic	38.55	48.95
Diluted	37.88	48.74
Nominal Value per share equity share	10	10

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

37. Fair value measurements

Risk management framework:

The Company's principal financial liabilities, comprise borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Company also holds FVTOCI investments and investment in its subsidiary.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors oversees the management of these risks. The Company's Board of Directors is supported by the senior management that advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance to the Company's Board of Directors that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

(i) Financial assets and financial liabilities measured at fair value

	Level 1		Level 2		Level 3	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Financial assets - Unlisted equity instruments measured at FVTOCI* and derivative instruments designated in hedge accounting relationship	-	-	45.06	7.79	1.59	1.59
Financial liabilities - Derivative financial instruments - loss on outstanding foreign exchange forwards, options, currency swap contracts and interest rate swap contracts(1)	-	-	212.57	678.14	-	-

(1) The Company enters into derivative financial instruments with various counterparties, principally banks. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forwards, options and swap contracts. These derivative financial instruments are valued based on the inputs that are directly or indirectly observable in the market place.

*These are held for operational purposes and the Company estimates that the fair value of these investments are not materially different as compared to their cost.

Financial instruments by category

	31 March 2021			31 March 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments	-	1.59	6,334.67	-	1.59	2,236.49
Trade receivables	-	-	20,269.80	-	-	26,945.07
Loans	-	-	797.00	-	-	721.25
Cash and cash equivalents	-	-	6,043.77	-	-	8,543.78
Other bank balances	-	-	965.96	-	-	753.21
Other financial assets	-	45.06	14,381.26	-	7.79	821.37
Total financial assets	**-**	**46.65**	**48,792.46**	**-**	**9.38**	**40,021.17**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

	31 March 2021			31 March 2020		
	FVTPL	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**
Financial liabilities						
Borrowings	-	-	63,669.77	-	-	30,367.91
Lease liabilities	-	-	3,017.49	-	-	3,817.63
Trade payables	-	-	14,425.99	-	-	13,703.53
Other financial liabilities	-	212.57	2,663.23	-	678.14	3,028.77
Total financial liabilities	**-**	**212.57**	**83,776.48**	**-**	**678.14**	**50,917.84**

(ii) Measurement of fair values

Valuation technique and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used:

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value**
Forward exchange contract	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency	Not applicable	Not applicable
Interest rate swaps and Cross Currency swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to credit risk adjustment that reflects the credit risk of the entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable	Not applicable
Option contracts	The significant valuation inputs considered are	Not applicable	Not applicable

(iii) Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in 2020-21 and no transfers in either direction in 2019-20.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

38. Financial instruments risk management

A. Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, lease liabilities, deposits, trade receivables and other financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2021 and 31 March 2020. The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations; provisions; and non-financial assets and liabilities.

i. Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has loan facilities on floating interest rate, which exposes the Company to risk of changes in interest rates. The management monitors the interest rate movement and manages the interest rate risk based on its policies, which include entering into interest rate swaps as considered necessary. The Company's investment in deposits with banks are for short durations and therefore do not expose the Company to significant interest rate risk.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined for borrowings assuming the amount of borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis points increase or decrease in case of foreign currency borrowings and 50 basis points increase or decrease in case of rupee borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

If interest rate had been 10 basis points higher/lower in case of foreign currency borrowings and 50 basis points higher/ lower in case of rupee borrowings and all other variables were held constant, the Company's profit for the year ended 31 March 2021 would decrease/increase by ₹ 238.47 (31 March 2020: ₹ 66.77)

ii. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure shall fluctuate because of change in foreign exchange rates. The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in US Dollars and Euros) and foreign currency borrowings (primarily in US Dollars). As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses both derivative and non-derivative financial instruments, such as foreign exchange forward contracts, currency swap contracts and foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

a) Significant foreign currency risk exposure relating to financial assets and financial liabilities expressed in ₹ terms are as follows.

Financial assets

	31 March 2021				31 March 2020			
	Investments	Trade receivables*	Balances in bank	Other assets	Investments	Trade receivables*	Balances in bank	Other assets
- USD	5,182.67	15,144.08	405.61	1,033.69	1,084.49	21,056.40	377.58	709.68
- EUR	-	3,977.88	-	39.94	-	5,688.68	-	-
- GBP	-	89.98	1,529.26	164.11	-	-	-	-
- Others**	-	149.70	58.07	-	-	47.13	86.45	5.04

* This amount excludes ECL

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

Financial liabilities

	31 March 2021			31 March 2020		
	Borrowings#	**Trade payables**	**Capital creditors**	**Borrowings**	**Trade payables**	**Capital creditors**
- USD	19,932.37	2,386.58	503.12	17,679.98	1,875.05	248.93
- EUR	171.71	3.46	10.72	3,585.79	5.05	7.13
- GBP	-	-	186.45	-	-	-
- Others**	-	5.06	-	-	178.90	55.82

** Previous year GBP amount is included in others above

This amount includes interest accrued

38. Financial instruments risk management (continued)

(b) Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	**Impact on income**	
	31 March 2021	**31 March 2020**
USD sensitivity		
₹/USD - Increase by 1%	(10.56)	34.24
₹/USD - Decrease by 1%	10.56	(34.24)
EUR sensitivity		
₹/EUR - Increase by 1%	38.32	20.91
₹/EUR - Decrease by 1%	(38.32)	(20.91)
GBP sensitivity		
₹/GBP - Increase by 1%	15.97	-
₹/GBP - Decrease by 1%	(15.97)	-

(c) Derivative financial instruments

The following table gives details in respect of outstanding derivative contracts. The counterparty for these contracts are banks.

			31 March 2021		31 March 2020	
	Sell	**Buy**	**No of contracts**	**Amount in million**	**No of contracts outstanding**	**Amount in million**
Forward contract	US$	₹	27	$8.95	59	$16.61
Currency swaps	₹	US$	1	₹ 35.05	1	₹ 43.81
Currency swaps	US$	EUR	1	$0.90	2	$1.25
Interest rate swaps (floating to fixed)			1	$3.18	1	$4.45

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

The Company designates its derivative contracts that hedge foreign exchange risk associated with its highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded as in other comprehensive income, and re-classified in the income statement as revenue in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such cash flow hedges is immediately recorded in the statement of profit and loss.

B. Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

The Company has established a credit mechanism under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored.

The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 20,269.80 (31 March 2020: ₹ 26,945.07) The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for doubtful receivables	As at 31 March 2021	As at 31 March 2020
Opening balance	622.67	472.67
Provision towards doubtful trade receivables	64.47	578.83
Amounts written off	(18.48)	(428.83)
Closing balance	**668.66**	**622.67**

C. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company's principal sources of liquidity are the cash flows generated from operations. Further the Company also has long term borrowings and working capital facilities which the management believes are sufficient for its current requirements. Accordingly, no liquidity risk is perceived.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

31 March 2021	Carrying amount	Contractual cash flows			
		Up to 1 year	From 1 to 3 years	More than 3 years	Total
Non-derivative financial liabilities					
Borrowings	63,669.77	39,025.80	13,197.16	11,446.81	**63,669.77**
Lease liabilities	3,017.49	1,063.99	1,186.42	767.08	**3,017.49**
Trade and other payables	14,425.99	14,425.99	-	-	**14,425.99**
Other financial liabilities	2,663.23	2,615.20	48.03	-	**2,663.23**
Total	**83,776.48**	**57,130.98**	**14,431.61**	**12,213.89**	**83,776.48**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

31 March 2020	Carrying amount	Contractual cash flows			
		Up to 1 year	From 1 to 3 years	More than 3 years	Total
Non-derivative financial liabilities					
Borrowings	30,367.91	24,410.70	5,700.20	257.01	**30,367.91**
Lease liabilities	3,817.63	1,781.84	1,354.71	681.08	**3,817.63**
Trade payable	13,703.53	13,703.53	-	-	**13,703.53**
Other financial liabilities	3,028.77	2,980.74	48.03	-	**3,028.77**
Total	**50,917.84**	**42,876.81**	**7,102.94**	**938.09**	**50,917.84**

39. Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any dividend payments, return capital to shareholders or issue new shares or sell assets to reduce debt. Total capital is the equity as shown in the statement of financial position. Currently, the Company primarily monitors its capital structure on the basis of the following gearing ratio. Management is continuously reviewing its strategies to optimize the returns and reduce the risks. It includes plans to optimize the financial leverage of the Company.

The capital for the reporting year under review is summarized as follows:

	31 March 2021	31 March 2020
Total borrowings (note 19)	63,669.77	30,367.91
Less: Cash and cash equivalents (note 15(i))	6,043.77	8,543.78
Less: Other bank balances (note 15 (ii)) and Deposits classified under Other financial assets (note 10)	13,515.96	
Net debt (A)	**44,110.04**	**21,824.13**
Total equity (B)	86,751.90	79,441.84
Net debt to equity ratio (A)/(B)	**0.51**	**0.27**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

40. Related party disclosures

(a) **Names of the related parties and nature of relationship**

Names of related parties	Nature of relationship
Sai Life Sciences Inc, USA	Subsidiary Company
Sai Quest Syn Private Limited	Entities in which KMP have control or have significant influence
Sai Life Pharma Private Limited	Subsidiary Company
Sai Life Drugform Private Limited	Subsidiary Company
TPG Asia VII SF Pte Ltd	Entity having significant influence on the Company
Soma Khadi Gramodyog Sangha	Entities in which KMP have control or have significant influence
Dr. K Ranga Raju Krishnam Raju Sivaramakrishnan Chittor *(appointed as Chief Financial Officer w.e.f. 1 July 2021)* Jayant Bhalchandra Manmadkar *(resigned as Chief Financial Officer on 1 July 2021)* Runa Karan	Key management personnel ("KMP")
Dr. Raju A Penmasta Puneet Bhatia Mitesh Daga	Director
Rajagopal S. Tatta Nandita Gurjar	Independent Director
G.L. Tanuja	Relative of KMP

(b) **Transactions with related parties**

	For the year ended	
	31 March 2021	**31 March 2020**
Transactions with subsidiary companies		
Consultancy services received	**4,286.41**	**1,553.11**
- Sai Life Sciences Inc.	4,286.41	1,553.11
Research Services Provided	**139.69**	**-**
- Sai Life Sciences Inc	139.69	-
Reimbursement of expenses	**5.90**	**96.00**
- Sai Life Pharma Private Limited	5.90	96.00
Investment in equity share capital	**4,098.17**	**2,234.24**
- Sai Life Sciences Inc	4,098.17	1,082.24
- Sai Life Pharma Private Limited	-	1,151.00
- Sai Life Drugform Private Limited	-	1.00
Issue of Standby Line of Credit	**317.32**	**-**
- Sai Life Sciences Inc	317.32	-
Transactions with Subsidiaries	**86.84**	**-**
- Sai Life Pharma Private Limited (Rent expenses)	5.66	-
- Sai Life Scienes Inc (Sale of Lab consumables)	78.36	-
- Sai Life Pharma Private Limited (Payment on behalf)	2.82	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	For the year ended	
	31 March 2021	31 March 2020
Transactions with independent directors	**64.09**	**67.64**
Commission	60.90	59.58
Sitting fees	2.79	3.58
Reimbursement of expenses	0.40	-
Allotment of shares on exercise of employee stock options	-	4.48
Transactions with entity in which KMP has control or significant influenc	-	**30.00**
Rental deposit given	-	30.00
Transactions with KMP	**883.06**	**998.04**
Managerial remuneration*	883.06	984.77
Employee stock options granted	-	13.27
Transactions with relative of directors	-	**47.04**
Rent	-	47.04

(c) **Balances outstanding**

	As at	
	31 March 2021	31 March 2020
Payables		
Subsidiary company	**1,205.99**	**733.39**
- Sai Life Sciences Inc	895.22	370.41
- Sai Life Pharma Private Limited	3.92	-
KMP	306.85	345.27
Independent Directors	-	17.71
Receivables		
Subsidiary companies	**137.59**	**391.88**
- Sai Life Sciences Inc	137.59	301.88
- Sai Life Pharma Private Limited	-	90.00
Advances Given		
Subsidiary companies	**337.61**	-
- Sai Life Sciences Inc	337.61	-
Investment in equity share capital	**6,334.67**	**2,236.49**
- Sai Life Sciences Inc	5,182.67	1,084.49
- Sai Life Pharma Private Limited	1,151.00	1,151.00
- Sai Life Drugform Private Limited	1.00	1.00
Entity in which KMP has control or significant influence	**30.00**	**30.00**
Rental deposit	30.00	30.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

*KMP are covered by the Company's mediclaim insurance policy and are eligible for gratuity and leave encashment along with other employees of the Company. The proportionate premium paid towards this policy and provision made for gratuity and leave encashment pertaining to the KMP has not been included in the aforementioned disclosures as these are not determined on an individual basis.

(d) **Transaction with related parties**

In accordance with the applicable provisions of the Income Tax Act, 1961, the Company is required to use certain specified methods in assessing that the transactions with the related parties, are carried at an arm's length price and is also required to maintain prescribed information and documents to support such assessment. The appropriate method to be adopted will depend on the nature of transactions / class of transactions, class of associated persons, functions performed and other factors as prescribed. Based on certain internal analysis carried out, management believes that transactions entered into with the related parties were carried out at arms length prices. The Company is in the process of updating the transfer pricing documentation for the financial year ended 31 March 2021. In opinion of the management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

41. Segment reporting

The management has assessed the identification of reportable segments in accordance with the requirements of Ind AS 108 'Operating Segment'and believes that the Company has only one reportable segment namely "Contract research and contract manufacturing". Geography-wise details of the Company's revenues from external customers and its non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) and revenue from major customers are given below:

	For the year ended	
(i) Revenue from External customers	**31 March 2021**	**31 March 2020**
India	4,267.55	2,585.12
Outside India	70,760.94	69,349.13
(ii) Non-Current Assets (Other than financial instruments)		
India	90,398.21	74,663.70
Outside India	5,305.87	782.82

(iii) Major Customer

The Company has one customer who contributed more than 10% of the Company's total revenue during the current year and three customers during the previous year. The revenue from such major customers during the year is Rs.12,799.74 (31 March 2020: Rs.29,092.98).

42. Contingent liabilities and commitments

		As at	
		31 March 2021	**31 March 2020**
(a)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	8,548.81	9,485.83
(b)	**Contingent liabilities**		
	Claims arising from disputes not acknowledged as debts in respect of:		
	Excise duty liabilities - refer note (c) (i) below	72.48	72.48
	Service tax liabilities - refer note (c) (ii) below	123.62	123.62
	Entry tax liabilities - refer note (c) (iii) below	12.41	12.41
	Provident Fund Damages relating to PF contribution of international workers - refer note (c) (iv) below	218.91	218.91
	Income tax liabilities - refer note (c) (v) below	372.24	372.24
	VAT liabilities - refer note (c) (vi) below	592.52	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

(c) (i) The Central Excise department has raised a demand against the company on the ground that the company has not complied with the conditions of Notification No 23/2003 – CE dated 31 March 2003. As per the said notification, an Export Oriented Unit (EOU) unit can clear the goods into Domestic Tariff Area (DTA) on payment of excise duty at a concessional rate upto 50% of the Free on Board (FOB) value of the exports on the sale of similar goods to DTA. The central excise officer has held that the goods sold in DTA are different from the goods which are exported. Accordingly raised the above demand along with interest and penalty. Replies to notices are filed and waiting for personal hearing.

(ii) The Service tax department has raised a demand on the ground that that the Place of Provision of Service is in India and as such there is no export of service by the company applying Rule 4 of Place of Provision of Service Rules, 2012. (POPS Rules) with respect to Drug Metabolism and Pharmacokinetic (DMPK) services rendered by the Company. Appeal filed before CESTAT- Pune, on 27 April 15 and Final Order received. Appeal is filed before Honourable High Court on 9 Dec 19 and Personal Hearing is attended on 27 Feb 20.Waiting for orders from Honourable High Court .

(iii) The company has received Entry Tax Assessment orders on 19 February 2018 passed by Commercial Tax Officer, Saroor Nagar Circle (adjudicating authorities) demanding Entry tax on the goods (namely furnace oil and networking cables) purchased from outside the State of Telangana for the Financial years 2013-14 to FY 2015 -16 for an amount of ₹ 11.27 and Company has filed an appeal with Appellate Joint Commissioner (ST) “Appellate Authorities” on 21 March 2018 on the grounds that said goods are inputs and are excluded from levy of Entry Tax. Personal hearing before the Appellate authorities was concluded on 9 May 2018. Order is yet to be issued by the Appellate Authorities.

Under the same grounds, the Company has received Entry Tax Assessment orders on 28 October 2019 for the period of Apr-18 to Jun-18 for an Amount of Rs. 1.13 and Company has filed an appeal with Appellate Joint Commissioner (ST) “Appellate Authorities” on 22 November 2019. Personal hearing before the Appellate authorities was concluded on 27 Dec 2019. Order is yet to be issued by the Appellate Authorities.

Demand notice is received in the month of september 2020 intimating the dismissal of appeal and recovery of tax arrears .A letter was submitted on 4 Nov 20 requesting not to initiate recovery proceedings pending receipt of the Order. Upon obtaining Order copies from the Officer the Company intends to file an Appeal against this Order.

(iv) The company has three Non resident Indians on its rolls covered under the definition of International Workers as per the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952. Based on the Government Order, in June 2017, the company suo moto made a payment of provident fund along with the applicable interest rates.

However, on April 25, 2018, the Company received a notice from the Department stating that from the period 01 April 1996 to 31 March 2018, the Company had delays in deposit of Provident fund amount and accordingly, charged interest and damages under Section 14B and Section 7Q of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 to the extent of Rs 131.51 and Rs 218.91 for interest and damages respectively.

The Company has represented the case stating that interest payments were made appropriately. The PF authorities took the such interest payment on record and gave a corrigendum stating the same.

The Company is still contesting the damages payment of ₹ 218.91. The company during the year addressed a letter dated October 22, 2020 to the RPFC, requesting it to refrain from taking any such coercive action against the company and reserved its right to exercise its rights and remedies under law. However, since no presiding officer had been appointed for hearing matters before the Central Government Industrial Tribunal (“CGIT”) at that time, the company filed the present writ petition bearing Writ Petition No. 19867 of 2020 against the RPFC for the setting aside of the Impugned Order as being arbitrary, illegal and violative of Article 14 of the Constitution of India.The matter was listed on November 19, 2020, wherein, the High Court passed an interim order granting a stay on the Impugned Order. However, as on date, there is no further order with regard to the said damages.Apart from the proceedings before the High Court of Telangana, an appeal was also filed by the Client challenging the Impugned Order before the CGIT under Section 7-I of the EPF Act.The matter was listed for admission on April 26, 2021. The CGIT, vide, an order passed on April 26, 2021, observed that the present appeal was admitted subject to the final order passed by the High Court of Telangana. The said order held that the application for stay as filed by the Client would be considered upon obtaining such a final order

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

(v) During the previous years the Company has received a demand from income tax authorities relating to financial year 2015-16 regarding certain disallowances in the income tax return of that year. The Company has filed an appeal and is pending hearing.

(vi) The Company has litigations under Maharashtra Value Added Tax ('MVAT') Act, 2002 and Central Sales Tax ('CST') Act, 1956 for the years 2009-10 to 2016-17, and for the quarter 1 April 2017 to 30 June 2017. For the years 2009-10 to 2013-14, the Company is in appeal before the Maharashtra Sales Tax Tribunal and for the years 2014-15 to 30 June 2017, the Company is in appeal before the Joint Commissioner (Appeals). The issue pertains to eligibility of refund of Input Tax Credit ('ITC) under MVAT Act.

The tax authorities have raised objection that transfer of deliverables (technical know - how) to the Customer of the Company is a service and not sale of goods. Therefore, the tax authorities at the first level have disallowed ITC and rejected the claim of refund of unutilised ITC of the Company. However, in this regard, the Company believes that transfer of deliverables to the Customer is sale of goods and the Company is eligible for ITC and the refund of unutilized ITC

(vii) The Company is subject to various legal proceedings and claims, which have arisen in the ordinary course of business including litigation pending before various tax authorities, including those mentioned in above points. The uncertainties and possible refunds are dependent on the outcome of different legal processes, which have been invoked by the claimants or the Company, as the case may be, and therefore cannot be accurately predicted . The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes. Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision is required.

43. Amounts incurred on research and development expenses

The Department of Scientific and Industrial Research, Government of India, has recognised the Company's in-house Research and Development ("R&D") units and an order of approval under Section 35(2AB) of Income-tax Act, 1961, has been granted vide their letter dated 18 December 2013. The approval was valid up to 31 March 2021.

The Company's units have been accorded renewal of inhouse R&D by the Department of Scientific and Industrial Research valid till 31 March 2021 vide letter dated 27 April 2018. The Company has submitted the Form 3CK application with the Department of Scientific and Industrial Research on 12 March 2019 seeking approval for recognition as inhouse R&D unit for the purposes of Section 35(2AB) for next three years. The Company would be filing Form 3CL by October 31, 2021 and accordingly, would be eligible for a weighted deduction of 100% on revenue expenditure incurred and capital items procured for Research and Development under Section 35(2AB) of the Income-tax Act, 1961. Details of such expenditure are as under:

	For the year ended	
	31 March 2021	**31 March 2020**
Expenditure incurred on research and development	-	730.32

During the year, the Company elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company would not be eligible for tax weighted deduction on revenue expenditure incurred and capital items procured for Research and Development under Section 35(2AB) of the Income-tax Act, 1961.The amount incurred in this regard was Rs. 1057.48 crores.

44. Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro, Small and Medium Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 & 31 March 2020 has been made in the financial statements based on information received and available with the Company. Further, in the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

	31 March 2021	31 March 2020
The principal amount remaining unpaid to any supplier as at the end of each accounting year*	1,133.33	1,194.20
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

* Includes amounts payable to trade creditors ₹ 840.36 (31 March 2020: ₹ 368.65) and capital creditors ₹ 292.97 (31 March 2020: ₹ 825.55)

This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company. Auditors have placed reliance on the information provided by the management.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

45 Leases

Company as a lessee : The Company has lease contracts for land, buildings, vehicles and computers, with lease period varying between 1 to 51 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Lease liabilities

Particulars	**As at**	
	31-Mar-21	**31-Mar-20**
Opening balance	3,817.63	4,553.33
Additions	3,087.87	1,575.01
Deletion	(1,573.27)	-
Accretion of interest	315.48	410.16
Payments	(2,630.22)	(2,720.87)
Closing balance	**3,017.49**	**3,817.63**
Current	1,063.99	1,781.84
Non-current	1,953.50	2,035.79

Amount recognised in Statement of Profit and Loss

Particulars	**For the year ended**	
	31-Mar-21	**31-Mar-20**
Depreciation: Right-of-use assets	2,248.76	1,665.00
Finance cost: Interest on lease liabilities	315.48	410.11
Short term and variable lease payments (Refer note below)	72.82	69.35

Note: The Company applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Amount recognised in Statement of Changes in Equity

Particulars	**For the year ended**	
	31-Mar-21	**31-Mar-20**
Cash outflows for leases		
Interest portion of lease liabilities	315.48	410.16
Principal portion of lease liabilities	2,314.74	2,310.71

46. Ind AS 116

Effective 1 April 2019, the Company adopted Ind AS 116 - “Leases”, which sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires Lessees to account for leases in a manner similar to accounting for finance leases under erstwhile Ind AS 17. The Company adopted Ind AS 116 using the full retrospective method.

The Company has discounted lease payments using the incremental borrowing rate for measuring the lease liability.

The Company has applied the below practical expedients:

i)The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"

ii)The Company has not applied the requirements of Ind AS 116 for leases of low value assets.

iii)The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

iv) The Company has used a portfoilio approach and elected not to separate the lease and non-lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)

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

47 The Scheme of Arrangement ("the Scheme") between the Company, Sai Quest Syn Private Limited ("Transferor Company") and their respective shareholders and creditors, was approved by the National Company Law Tribunal, vide its order dated 18 August 2020. The appointed date of the Scheme was 1 May 2019 and the Scheme became effective on 22 September 2020, the date on which all the requirements under the Companies Act, 2013 have been complied. Pursuant to the Scheme, the Company acquired certain assets and liabilities from Sai Quest Syn Private Limited on the appointed date of the Scheme. The same was accounted in the books of accounts during the previous year.

Assets acquired and liabilities recognised : **31-Mar-20**

	Amount
Current assets	32.55
Non-current assets	0.05
Total assets (A)	**32.60**

	Amount
Current liabilities	9.22
Total liabilities (B)	**9.22**

Net assets (C) = (A) - (B)	**23.38**

Consideration issued:	**Amount**
10,20,000 Equity Share of Rs 10 each	102.00
4,80,000 Compulsory Convertible Preference Shares of Rs 10 each, Rs. 8.06 partly paid (refer note (i) below)	38.42
6,00,000 Optionally Convertible Preference Share of Rs 10 each, Rs. 8.06 partly paid (refer note (ii) below)	48.03
Total (D)	**188.45**

Excess of consideration issued over net assets acquired has been adjusted in retained earnings (E) = (D)-(C)	**165.07**

Notes:

(i) Each Compulsory Convertible Preference Shares (CCPS) shall be converted into 1 (One) fully paid-up equity share of Rs. 10 each during the period of four years starting for April 2020. Each CCPS should be fully paid up at the time of conversion of such CCPS into equity shares.

(ii) Each Optionally Convertible Preference Shares (OCPS) shall be converted into 1 (One) fully paid-up equity share of Rs. 10 each during the period of five years which can be exercised as and when the occurrence of the agreed event is completed. Each partly paid-up OCPS, shall be treated as fully paid-up preference shares on payment of Rs. 1.94 per preference share. In case if the OCPS are not converted into equity shares, the said OCPS will stand redeemable at the end of five years from the date of issuance of such OCPS at face value subject to terms agreed between the parties.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

48 During the financial year, the company's business operations were impacted by the global health pandemic from COVID-19 (COVID-19) and the lockdown restrictions. COVID-19 is the infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. Our operations in India come under the jurisdictions of three States Telangana, Karnataka and Maharashtra. The revenue generation for the first quarter was constrained on account of the lockdown regulations and the number of employees who were allowed to function by the local authorities which varied based on the situation in the respective States. Further the Company planned to consolidate its operations from the rental facilities in Pune, Maharashtra to its location in Hyderabad, Telangana and had completed the expansion plans (including ramping up headcount) to accommodate the consolidation during the 3rd quarter of the financial year. However, the consolidation could not be completed on account of the pandemic and the Company continue to incur rental costs in Pune and additional employee costs in Hyderabad. As part of the overall strategy, Company adopted measures to protect and safeguard the health of employees. The cost of operations during the year increased on account of additional costs due to the restrictions imposed by the regulators and in mitigating and safeguarding the health risks of the employees

49 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come in to effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

50 Approval of financial statements

The financial statements were approved by the Board of Directors on 02 September 2021.

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

K.Ranga Raju
Director
DIN No: 00043186
Place: Hyderabad
Date: 02 September 2021

Krishnam Raju
Managing Director
DIN No: 00064614
Place: Boston
Date: 02 September 2021

Sivaramakrishnan Chittor
Chief Financial Officer
Place: Hyderabad
Date: 02 September 2021

Runa Karan
Company Secretary
Membership No.: A13721
Place: Hyderabad
Date: 02 September 2021

INDEPENDENT AUDITOR'S REPORT

To
The Members of Sai Life Sciences Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sai Life Sciences Limited (”the Parent”) and its subsidiaries (the Parent and its subsidiaries together referred to as “the Group”), 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 Statement of Cash Flows 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 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 2021, 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, 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-paragraphs (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 Director'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 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 **Error! Bookmark not defined.**.

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 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 are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 are responsible for assessing the ability of the Group 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 are also responsible for overseeing the financial reporting process of the Group.

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 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 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 business activities within the Group to express an opinion on the consolidated financial statements. For the subsidiaries included in the consolidated financial statements, which has 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 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 of two subsidiaries whose financial statements reflect total assets of Rs. 6,931.60 lakhs as at 31 March 2021, total revenues of Rs. 5,346.64 lakhs and net cash inflows amounting to Rs. 331.84 lakhs 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.

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 matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. 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 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 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 Statement of Cash Flows 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, 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary Companies incorporated in India, none of the directors of the Parent and its subsidiary Companies are 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 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/provided by the Parent to its directors during the year is in accordance with the provisions of Section 197 of the Act.

   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.

   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.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(F.R.N. 117366W/W-100018)

Sathya P. Koushik
(Partner)
(Membership No. 206920)
UDIN: 21206920AAAAIU1259

Place: Bengaluru
Date: 02 September 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 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 as of and for the year ended 31 March 2021, we have audited the internal financial controls over financial reporting of Sai Life Sciences Limited (hereinafter referred to as "Parent") and its subsidiary companies, 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, 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 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 companies, 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 and the audit evidence obtained by the other auditor of the subsidiary company which are companies incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, 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 and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is a Company incorporated in India, is based solely on the corresponding reports of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(F.R.N. 117366W/W-100018)

Sathya P. Koushik
Partner
(Membership No. 206920)
UDIN: 21206920AAAAIU1259

Place: Bengaluru
Date: 02 September 2021

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH

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

	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	6	69,540.08	57,680.90
(b) Capital work-in-progress		19,400.39	9,096.43
(c) Right-of-use assets	7	5,244.41	5,839.16
(d) Intangible assets	8	557.50	561.61
(e) Financial assets			
(i) Investments	9	1.59	1.59
(ii) Loans	16	372.64	329.83
(iii) Other financial assets	10	50.00	3.69
(f) Non-current tax assets (net)	11	1,284.35	392.65
(g) Other non-current assets	12	4,929.66	5,856.14
Total non-current assets		**1,01,380.62**	**79,762.00**
Current assets			
(a) Inventories	13	7,634.58	4,403.95
(b) Financial assets			
(i) Trade receivables	14	20,578.69	26,958.19
(ii) Cash and cash equivalents	15(i)	6,675.23	9,071.75
(iii) Bank balances other than above	15(ii)	965.96	753.21
(iv) Loans	16	424.36	391.42
(v) Other financial assets	10	14,376.32	433.96
(c) Other current assets	12	29,706.22	19,263.52
Total current assets		**80,361.36**	**61,276.00**
Total assets		**1,81,741.98**	**1,41,038.00**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	1,781.65	1,638.29
(b) Other equity	18	84,513.49	77,800.60
Total equity		**86,295.14**	**79,438.89**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	24,643.97	5,957.21
(ii) Lease liabilities	20	2,696.00	2,851.34
(iii) Other financial liabilities	21	183.91	306.23
(b) Provisions	22	1,909.27	1,533.98
(c) Deferred tax liabilities (net)	23	6,137.74	4,292.41
Total non-current liabilities		**35,570.89**	**14,941.17**

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH (contd….)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	Note	As at	
		31 March 2021	**31 March 2020**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	35,796.24	22,156.20
(ii) Lease liabilities	20	1,063.99	2,571.33
(iii) Trade payables	24		
(A) Total outstanding dues of micro enterprises and small enterprises		840.36	368.65
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		12,957.55	13,932.42
(iv) Other financial liabilities	21	6,536.52	5,655.18
(b) Other current liabilities	25	2,080.89	1,058.85
(c) Provisions	22	570.30	458.87
(d) Current tax liabilities (net)	26	30.10	456.44
Total current liabilities		**59,875.95**	**46,657.94**
Total equity and liabilities		**1,81,741.98**	**1,41,038.00**

See accompanying notes forming part of these Consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

Sathya P. Koushik
Partner
Membership No.: 206920

K.Ranga Raju
Director
DIN No: 00043186
Place: Hyderabad
Date: 02 September 2021

Krishnam Raju
Managing Director
DIN No: 00064614
Place: Boston
Date: 02 September 2021

Sivaramakrishnan Chittor
Chief Financial Officer
Place: Hyderabad
Date: 02 September 2021

Runa Karan
Company Secretary
Membership No.: A13721
Place: Hyderabad
Date: 02 September 2021

Place: Bengaluru
Date: 02 September 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH

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

		Note	For the year ended	
			31 March 2021	**31 March 2020**
	Income			
I	Revenue from operations	27	75,988.95	72,551.06
II	Other income	28	2,728.87	1,783.82
III	**Total income (I + II)**		**78,717.82**	**74,334.88**
IV	**Expenses**			
	Cost of materials consumed	29	23,523.73	20,743.38
	Purchase of stock-in-trade		-	28.40
	Changes in inventories of work-in-progress	30	(1,649.83)	(551.17)
	Employee benefits expense	31	23,161.25	21,382.44
	Finance costs	32	3,032.28	1,907.42
	Depreciation and amortisation expense	33	7,957.24	5,470.11
	Other expenses	34	14,501.21	14,445.62
	Total expenses (IV)		**70,525.88**	**63,426.20**
V	**Profit before tax (III - IV)**		**8,191.94**	**10,908.68**
VI	**Tax expense**	35		
	(1) Current tax		372.57	2,062.28
	(2) Deferred tax		1,709.25	1,213.87
	Total tax expense (VI)		**2,081.82**	**3,276.15**
VII	**Profit for the year (V - VI)**		**6,110.12**	**7,632.53**
VIII	**Other comprehensive income**			
A.	(i) Items that will not be reclassified to profit or loss:			
	(a) Re-measurement of defined benefit plans		82.72	113.96
	(ii) Income-tax on items that will not be reclassified to profit or loss		(20.82)	(39.82)
			61.90	**74.14**
B.	(i) Items that will be reclassified to profit or loss:			
	(a) Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge		502.72	(669.90)
	(b) Exchange differences on translating foreign operations		(44.81)	(83.93)
	(ii) Income-tax on items that will be reclassified to profit or loss		(115.26)	263.42
			342.65	**(490.41)**
	Total other comprehensive income for the year, net of tax (A + B)		**404.55**	**(416.27)**
	Total comprehensive income for the year (VII + VIII)		**6,514.67**	**7,216.26**
IX	**Earnings per equity share (in absolute ₹ terms)**	36		
	Basic		36.07	46.62
	Diluted		35.44	46.46

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH (contd….)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

See accompanying notes forming part of these Consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place: Bengaluru
Date: 02 September 2021

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

K.Ranga Raju
Director
DIN No: 00043186
Place: Hyderabad
Date: 02 September 2021

Krishnam Raju
Managing Director
DIN No: 00064614
Place: Boston
Date: 02 September 2021

Sivaramakrishnan Chittor
Chief Financial Officer
Place: Hyderabad
Date: 02 September 2021

Runa Karan
Company Secretary
Membership No.: A13721
Place: Hyderabad
Date: 02 September 2021

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH

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

	For the year ended	
	31 March 2021	**31 March 2020**
Cash flow from operating activities		
Profit before tax	**8,191.94**	**10,908.68**
Adjustments for :		
Depreciation and amortisation expense	7,957.24	5,470.11
Interest income	(827.46)	(952.78)
Equity -settled share-based payments	242.00	210.00
(Gain)/Loss on sale of property, plant and equipment, net	183.30	12.27
Finance costs	3,032.28	1,907.42
Bad debts written off (net of recoveries)	18.48	428.83
Unrealised foreign exchange gain, net	(515.39)	85.83
Provision towards doubtful trade receivables, net	45.99	150.00
Provisions no longer required written back	(317.92)	-
Operating cash flows before working capital changes	**18,010.46**	**18,220.36**
Increase in loans & deposits	(36.98)	(27.08)
Increase in other non-current assets	(597.25)	(2,013.60)
(Increase)/decrease in inventories	(3,230.63)	37.61
(Increase)/decrease in trade receivables	6,567.34	(3,080.55)
Increase in other current assets	(10,442.70)	(3,404.51)
Increase in other financial assets - current	(13,416.97)	(136.64)
Increase/(decrease) in trade payables	(464.30)	3,457.78
Increase in other financial liabilities & provisions	541.29	348.16
Increase in other non-current and current liabilities	976.05	112.00
Cash generated from operating activities	**(2,093.69)**	**13,513.53**
Income-taxes paid, net	(1,544.74)	(1,963.35)
Net cash generated from / (used in) operating activities (A)	**(3,638.43)**	**11,550.18**
Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets (including capital work in progress, capital advances and capital creditors)	(26,207.11)	(27,215.90)
Proceeds from sale of property, plant and equipment	87.72	15.15
Movement in other bank balances, net	(212.75)	105.73
Interest income received	343.03	925.79
Net cash used in investing activities (B)	**(25,989.11)**	**(26,169.23)**
Cash flows from financing activities		
Proceeds from issue of equity shares	99.57	84.05
Proceeds from current borrowings, net	16,177.99	6,479.03
Proceeds from non-current borrowings	21,878.00	1,749.91
Repayment of non-current borrowings	(2,344.38)	(3,973.97)
Lease payments	(3,024.81)	(2,535.96)
Interest paid #	(3,236.45)	(2,209.82)
Net cash generated from/(used in) financing activities (C)	**29,549.92**	**(406.76)**
Net decrease in cash and cash equivalents during the year (A + B + C)	**(77.62)**	**(15,025.81)**
Effect of exchange differences on cash and cash equivalents held in foreign currency	-	0.10
Cash and cash equivalents at the beginning of the year	4,140.11	19,165.82
Cash and cash equivalents at the end of the year (Note 1 below)	**4,062.49**	**4,140.11**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH (contd….)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	As at	
	31 March 2021	**31 March 2020**
Note 1:		
Cash and cash equivalents includes		
Cash on hand	2.30	2.73
Balances with banks		
-in current accounts	6,672.93	3,066.06
-in cash credit accounts	(2,612.74)	(4,931.64)
-in deposit accounts (with maturity of 3 months or less)*	-	6,002.96
	4,062.49	**4,140.11**

*Represents deposits held as margin money with banks.

Interest paid in cash flow from financing activities includes borrowing cost capitalised as property, plant and equipment and CWIP during the year amounting to ₹ 226.20 (31 March 2020: ₹ 421.61)

Note 2:

Reconciliation between the opening and closing balances in balance sheet for financial liabilities arising from financing activities are given below:

Particulars	As at 31 March 2020	Net Proceeds/ (Repayments)	Foreign exchange loss/(gain)	As at 31 March 2021
Non-current borrowings (including current maturities)	8,211.71	19,533.62	128.20	27,873.53
Current borrowings (excluding cash credit)	22,156.20	13,859.09	(219.05)	35,796.24
Total	**30,367.91**	**33,392.71**	**(90.85)**	**63,669.77**

Particulars	As at 31 March 2019*	Proceeds/ (Repayments)	Foreign exchange loss/(gain)	As at 31 March 2020
Non-current borrowings (including current maturities)	10,104.04	(2,224.06)	331.73	8,211.71
Current borrowings (excluding cash credit)	14,906.16	6,417.06	832.98	22,156.20
Total	**25,010.20**	**4,193.00**	**1,164.71**	**30,367.91**

* Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 46)

See accompanying notes forming part of these Consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place: Bengaluru
Date: 02 September 2021

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

K.Ranga Raju
Director
DIN No: 00043186
Place: Hyderabad
Date: 02 September 2021

Krishnam Raju
Managing Director
DIN No: 00064614
Place: Boston
Date: 02 September 2021

Sivaramakrishnan Chittor
Chief Financial Officer
Place: Hyderabad
Date: 02 September 2021

Runa Karan
Company Secretary
Membership No.: A1372
Place: Hyderabad
Date: 02 September 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Corporate information

The consolidated financial statements comprise of the financial statements of Sai Life Sciences Limited ("Sai Life" or "the Parent Company" or "the Company"), its subsidiaries (collectively, referred to as the "Group"). Sai Life Sciences Limited is a closely held public limited company domiciled and incorporated in India in accordance with the provisions of the Companies Act, 1956. The registered office of the Company is situated in Hyderabad, Telangana and has facilities in the states of Telangana, Karnataka and Maharashtra, India.

The group carries out contract research and manufacturing activities for customers engaged in pharmaceutical and biotechnology industries.

1. Basis of preparation

Statement of compliance

The consolidated financial statements of the Company which comprise of the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of cash flows and the statement of changes in equity ("consolidated financial statements") have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules 2015, as amended, issued by the Ministry of Corporate Affairs ('MCA') and other relevant provisions of the Act, as applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These consolidated financial statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Group's annual reporting date 31 March 2021. These consolidated financial statements were authorised for issuance by the Group's Board of Directors on 02 September, 2021.

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

- Certain financial assets and liabilities which are measured at fair value;
- Net defined benefit assets / (liability) are measured at fair value of plan assets, less present value of defined benefit obligations; and
- Share based payments, which are measured at fair value of the options.

Functional and presentation currency

The consolidated financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional and presentation currency of the Group. All financial information presented in Indian rupees has been rounded to the nearest lakhs, unless otherwise stated. In respect of subsidiaries whose operations are self-contained and integrated within their respective countries/regions, the functional currency has been determined to be the local currency of those countries/regions.

2. Use of estimates and judgements

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which such changes are made and in any future periods affected.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

The Group applies judgement to determine whether each product or service promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. Revenue will be recognised as the customer obtains control of the product and services promised in the Contract. Given the nature of the product and terms and conditions in case of certain contracts, the customer obtains control as the Group performs the work under the contract. Therefore, revenue is recognised over time for such contracts and for other contracts at a point in time. The Group uses the percentage of completion method to measure progress towards completion in respect of fixed price contracts. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Items requiring significant estimate	**Assumption and estimation uncertainty**
Useful lives of property, plant and equipment and Intangible assets	The Group reviews the estimated useful lives of property, plant and equipment and the intangible assets at the end of each reporting period. During the current year, there has been no change in life considered for the assets.
Estimation of net realisable value of inventories	Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories the Group makes an estimate of future selling prices and costs necessary to make the sale.
Fair valuation measurement and valuation process	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 or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Items requiring significant estimate	Assumption and estimation uncertainty
Contract assets	Contract asset is recognised when the performance obligations are fulfilled and revenue is recognised over a period of time. Estimates are involved in determining the percentage of completion of the contract.
Leases	Contracts are reviewed to evaluate whether the arrangement contains a lease
Employee benefits	The Group uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.
Provisions, contingencies - Recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources	The Group has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the tax liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is disclosed in the notes to the consolidated financial statements.
Provision for taxes	Significant judgments are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions. In assessing the realisability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

3. BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The consolidated financial statements of the Group are consolidated on line-by-line basis. Intra-group transactions, balances and any unrealised gains arising from intra-group transactions, are eliminated. Unrealised losses are eliminated, but only to the extent that there is no evidence of impairment. All temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions are recognised as per Ind AS 12, Income Taxes. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries has been kept consistent with the policies adopted by the Group.

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in consolidated statement of profit and loss.

Following are the subsidiaries considered in these consolidated financial statements:

Name of the subsidiary	% of holding by Parent	Country of Incorporation
Sai Life Sciences Inc	100	USA
Sai Life Pharma Private Limited	100	India
Sai Life Drugform Private Limited	100	India

4. Summary of significant accounting policies

The consolidated financial statements have been prepared using the accounting policies and measurement basis summarized below.

a. Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act. The Group presents assets and liabilities in the consolidated balance sheet based on current/ non-current classification.

An **asset** is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A **liability** is classified as current when:

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

Current assets / liabilities include the current portion of non-current assets / liabilities respectively. All other assets / liabilities including deferred tax assets and liabilities are classified as non-current.

b. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions or at the rate that closely approximates the rate at the date of transactions. The date of transaction for the purpose of determining the exchange rate on initial recognition of the related asset, expense or income (part of it) is the date on which the entity initially recognises the nonmonetary asset or non-monetary liability arising from payment or receipt of advance consideration Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated into the functional currency at the exchange rate at that date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the consolidated statement of profit and loss in the year in which they arise, except in case of exchange differences relating to long-term foreign currency monetary items, to the extent they are used for financing the acquisition of property, plant and equipment ("PPE") and drawn on or before 1 April 2016, are added to or subtracted from the cost of such PPE. In accordance with Ind AS 101 First time adoption of Indian Accounting Standards the entity continues the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements as on 31 March 2016.

Foreign operations
The assets and liabilities of foreign operations (subsidiaries) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Foreign currency translation differences are recognised in OCI and accumulated in equity (as exchange differences on translating the consolidated financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

c. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

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 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 and 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.

Contributions received from customers towards items of property, plant and equipment which require an obligation to supply services in the future to the customer over a specified period, is recognised as revenue from operations over the specified period. The Group capitalises the gross cost of these assets as the Group controls these assets.

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 of returns, trade allowances, rebates and indirect taxes.

'Bill and hold' sales, in which delivery is delayed at the buyer's request but the buyer takes title and accepts billing, revenue is recognised when the buyer takes title, provided:
(a) it is probable that delivery will be made;
(b) the item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised;
(c) the buyer specifically acknowledges the deferred delivery instructions; and
(d) the usual payment terms apply.
Revenue is not recognized when there is simply an intention to acquire or manufacture the goods in time for delivery.

Interest income
Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) method.

Dividend income
Dividend income is recognised when the Group's right to receive the payment is established, which is generally, when shareholders approve the dividend.

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

d. Property, plant and equipment (PPE)
Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Exchange differences arising on long-term foreign currency monetary items initially recognized in the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP are capitalised.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Any gain or loss on disposal of an item of PPE is recognised in consolidated statement of profit and loss.

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

Depreciation
Depreciation on items of PPE is provided on the straight-line method, computed on the basis of useful lives as estimated by the management which coincides with the useful lives mentioned in Schedule II to the Companies Act, 2013. Freehold land is not depreciated.

The estimated useful lives of the assets are based on a technical evaluation reflecting actual usage of assets.

Asset Category	**Estimated useful life (in years)**
Buildings	30
Leasehold improvements	Over the lease period
Plant and equipment	15-20
Furniture	10
Freehold Vehicles	8-10
Freehold Computers	3

Items of PPE acquired wholly or partly with specific grant / subsidy from government (or) customers, are recorded at the acquisition cost to the Group and the amount received under the grant pending donor approval or conditions to be fulfilled is disclosed as a liability.

Depreciation on additions / disposals is provided on a pro-rata basis i.e. from / up to the date on which asset is ready for use / disposed-off.

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

e. Intangible assets

Internally generated

Expenditure on research activities is recognised in consolidated statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in consolidated statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in consolidated statement of profit and loss as incurred.

The intangible assets are amortized over a period of 6 years, on a straight line basis.

f. Impairment

Impairment of tangible and intangible assets

The carrying amounts of the Group's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised in the consolidated statement of profit and loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

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

Impairment of non-financial assets

The Group assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount in the consolidated statement of profit and loss. The Group's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

g. Inventories

Inventories are measured at the lower of cost and net realisable value. The method of determining cost of various categories of inventories is as follows:

i) Raw materials – Weighted average cost. Cost includes purchase cost and other attributable expenses
ii) Stores and spares and packing material – Weighted average cost
iii) Finished goods and work-in-process - is based on average cost of production or conversion which comprises direct material costs, direct wages and applicable overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Chemicals, reagents and consumables held for use in the production of finished products / rendering of services are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products / services will exceed their net realisable value.

h. Measurement of fair values

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

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

i. Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

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

- amortised cost;
- fair value through other comprehensive income ("FVOCI") – debt investment;
- FVOCI – equity investment; or
- FVTPL

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

Amortised cost

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

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

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

FVOCI – debt investment

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

FVTOCI - Equity investment

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

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the Instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the consolidated statement of profit and loss.

FVTPL

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

Financial liabilities

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

De-recognition

Financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset; or the Group has neither transferred nor retained substantially all the risk and rewards of the asset but has transferred control of the asset.

Financial liabilities

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments:

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 Group designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions and variable interest rate risk associated with borrowings (cash flow hedges).

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

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 also classified as a current asset or liability when expected to be realised/settled within 12 months of the balance sheet date.

(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).

When option contracts are used to hedge forecast transactions, the group designates only the intrinsic value of the option contract as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedging reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When the hedged forecast transaction results in the recognition of a non-financial asset (for example inventory), the amounts accumulated in equity are transferred to profit or loss as follows:

- With respect to gain or loss relating to the effective portion of the intrinsic value of option contracts, both the deferred hedging gains and losses and the deferred aligned time value of the option contracts are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales).

- With respect to gain or loss relating to the effective portion of the spot component of forward contracts, both the deferred hedging gains and losses and the deferred aligned forward points are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales).

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance cost'.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses). Hedge ineffectiveness is recognised in profit and loss within other gains/(losses).

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

(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 and are included in other gains/(losses).

Dividend distribution to equity holders of the Group

The Group recognises a liability to make dividend distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

j. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for 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 recognises 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 recognised 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 lease term and useful life of the underlying asset. The lease liability is initially measured at amortised 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 these 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. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

k. Business combination

The Group accounts for its business combinations under acquisition method of accounting, where applicable. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

Transaction costs incurred in connection with a business combination are expensed as incurred.

Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity is recorded in shareholders' equity.

l. Cash and cash equivalents

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

m. Government Grants

The Group recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to Income are recognized in consolidated statement of profit and loss as other operating revenues.

n. Borrowing costs

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

o. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Eligible employees of the Group receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Group make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Group has no further obligation to the plan beyond its monthly contributions.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period as the related service is provided. These benefits include salaries and wages, bonus and ex-gratia. A liability is recognised for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Long-term employee benefits

Employee benefits payable after twelve months of receiving employee services are classified as long-term employee benefits. These benefits primarily include one-off retention incentive and long-term bonus provision, in accordance with the policy of the Group. The Group accrues these costs based on the expected payout and the same is amortised over a period of services.

Gratuity

The Group provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Group. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's last drawn salary and the tenure of the employment with the Group. Liability with regard to the Gratuity Plan is determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Group gratuity scheme. The Group recognises the net obligation of a defined benefit plan as a liability in its consolidated balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognized in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the consolidated statement of profit and loss. The net interest on net defined benefit liability which reflects the change in net defined benefit liability that arises from the passage of time is considered as finance cost and disclosed under "Finance costs"

Compensated absences

The Group's policy permits employees to accumulate and carry forward a portion of unutilized compensated absences and utilize them in future periods or receive cash in lieu thereof in accordance with the terms of such policy. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet.

Share based compensation

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

p. Provisions, contingent liabilities and contingent assets

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group; or

- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

q. Income taxes

Tax expense recognized in the statement of profit and loss consists of current and deferred tax except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax liability are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Group and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

r. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding during the year for the effects of all dilutive potential equity shares.

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

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

A Share Capital

	Equity		Preference		Total
	Number of shares	Amount	Number of shares	Amount	Amount
As at 31 March 2019	**1,63,66,728**	**1,636.67**	-	-	**1,636.67**
Changes in share capital during the year	16,201	1.62	-	-	1.62
As at 31 March 2020	**1,63,82,929**	**1,638.29**	-	-	**1,638.29**
Changes in share capital during the year	10,46,650	104.67	4,80,000	38.69	143.36
As at 31 March 2021	**1,74,29,579**	**1,742.96**	**4,80,000**	**38.69**	**1,781.65**

B Other Equity

			Reserves and Surplus				Other comprehensive income		
	Share application money pending allotment	Shares pending allotment	Capital reserve	Securities premium	Employee stock options outstanding account	Retained earnings	Effective portion of cash flow hedges	Foreign currency translation reserve	Total
Balance as at 31 March 2019	-	-	**80.70**	**38,076.78**	**302.85**	**31,846.73**	**(101.34)**	**110.84**	**70,316.56**
Adjustment pursuant to scheme of arrangement (refer note 47)	-	-	-	-	-	(165.07)	-	-	(165.07)
Amount transferred on exercise/forfeiture of employee stock options	-	-		-	(6.95)	6.95	-	-	-
Profit for the year	-	-	-	-	-	7,632.53	-	-	7,632.53
Other comprehensive income	-	-	-	-	-	113.96	(669.90)	(83.93)	(639.87)
Income-tax on items that will not be reclassified to profit or loss	-	-	-	-	-	(39.82)	234.09	-	194.27
Income-tax on items that will be reclassified to profit or loss	-	-	-	-	-	-	-	29.33	29.33
Total comprehensive income	-	-	-	-	-	**7,706.67**	**(435.81)**	**(54.60)**	**7,216.26**
Shares allotted during the year	-	-	-	82.43	-	-	-	-	82.43
Shares pending allotment	-	140.42	-	-	-	-	-	-	140.42
Share-based payment expense	-	-	-	-	210.00	-	-	-	210.00
Balance as at 31 March 2020	-	**140.42**	**80.70**	**38,159.21**	**505.90**	**39,395.28**	**(537.15)**	**56.24**	**77,800.60**
Amount transferred on exercise/forfeiture of employee stock options	-	-		-	(41.81)	41.81	-	-	-
Profit for the year	-	-	-	-	-	6,110.12	-	-	6,110.12
Other comprehensive income	-	-	-	-	-	82.72	502.72	(44.81)	540.63
Income-tax on items that will not be reclassified to profit or loss	-	-	-	-	-	(20.82)	-	-	(20.82)
Income-tax on items that will be reclassified to profit or loss	-	-	-	-	-	-	(126.53)	11.28	(115.25)
Total comprehensive income	-	-	-	-	-	**6,172.02**	**376.19**	**(33.53)**	**6,514.68**
Shares allotted during the year	-	(140.42)	-	96.63	-	-	-	-	(43.79)
Shares pending allotment	-	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	242.00	-	-	-	242.00
Balance as at 31 March 2021	-	-	**80.70**	**38,255.84**	**706.09**	**45,609.11**	**(160.96)**	**22.71**	**84,513.49**

Consolidated Statement of Changes in Equity for the year ended 31 March 2021 (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

See accompanying notes forming part of these Consolidated financial statements
* Restated pursuant to retrospective adoption of Ind AS 116 - Leases

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place: Bengaluru
Date: 02 September 2021

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

K.Ranga Raju
Director
DIN No: 00043186
Place: Hyderabad
Date: 02 September 2021

Krishnam Raju
Managing Director
DIN No: 00064614
Place: Boston
Date: 02 September 2021

Sivaramakrishnan Chittor
Chief Financial Officer
Place: Hyderabad
Date: 02 September 2021

Runa Karan
Company Secretary
Membership No.: A13721
Place: Hyderabad
Date: 02 September 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Property, plant and equipment

	Freehold land	Buildings	Leasehold improvement	Plant and equipment	Furnitures and fixtures*	Vehicles	Computers	Total
Cost or deemed cost								
Balance as at 1 April 2019	523.87	8,929.87	543.71	27,189.88	805.51	558.67	983.12	**39,534.63**
Additions (refer note i & ii below)	640.25	6,934.99	54.07	20,068.20	562.52	5.22	436.68	**28,701.93**
Disposals/retirement	-	-	-	65.10	-	10.35	-	**75.45**
Balance as at 31 March 2020	**1,164.12**	**15,864.86**	**597.78**	**47,192.98**	**1,368.03**	**553.54**	**1,419.80**	**68,161.11**
Additions (refer note i & ii below)	499.10	1,993.33	291.22	13,153.26	143.78	-	875.95	**16,956.64**
Disposals/retirement	-			505.38	8.99			**514.37**
Balance as at 31 March 2021	**1,663.22**	**17,858.19**	**889.00**	**59,840.86**	**1,502.82**	**553.54**	**2,295.75**	**84,603.38**
Accumulated depreciation								
Balance as at 1 April 2019	-	775.77	364.40	4,912.24	214.27	453.09	390.32	**7,110.09**
Charge for the year	-	390.49	91.69	2,511.45	98.26	82.89	243.37	**3,418.15**
Disposals/retirement	-	-	-	38.20	-	9.83	-	**48.03**
Balance as at 31 March 2020	**-**	**1,166.26**	**456.09**	**7,385.49**	**312.53**	**526.15**	**633.69**	**10,480.21**
Charge for the year		567.87	83.50	3,536.91	142.91	21.76	429.99	**4,782.94**
Disposals/retirement		-	-	194.18	5.66			**199.85**
Balance as at 31 March 2021	**-**	**1,734.13**	**539.59**	**10,728.22**	**449.78**	**547.91**	**1,063.68**	**15,063.30**
Net carrying amount								
As at 31 March 2020	**1,164.12**	**14,698.60**	**141.69**	**39,807.49**	**1,055.50**	**27.39**	**786.11**	**57,680.90**
As at 31 March 2021	**1,663.22**	**16,124.06**	**349.41**	**49,112.64**	**1,053.04**	**5.63**	**1,232.07**	**69,540.08**

Capital work-in-progress :₹ 19,400.39 (31 March 2020: ₹ 9,096.43) (refer note i)

*Includes office equipment

Notes

i) Additions to Capital work-in-progress and Property, plant & equipment during the year ended 31 March 2021 includes borrowing cost amounting to ₹226.20 (31 March 2020:

ii) Foreign exchange loss of Nil (31 March 2020: ₹ 28.03) for the year ended 31 March 2021 has been adjusted to the cost of property, plant and equipment. Such net gain or loss represents the exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to borrowing cost, pursuant to the policy adopted by the Company for its transition to Ind AS.

iii) Refer note 19 for details of property, plant and equipment subject to charge on secured borrowings.

iv) The Company has adopted Ind AS 116 using full retrospective method during previous year. Refer note 46 for details

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. **Right-of-use assets**

	Leasehold land	Buildings	Vehicles	Equipment	Computers	Total
Cost						
Balance as at 1 April 2019	**334.16**	**5,154.91**	**2,587.82**	**-**	**371.09**	**8,447.98**
Additions during the year	2,337.67	428.77	87.81	551.05	-	3,405.30
Disposals/retirement	-	-	28.06	-	-	28.06
Balance as at 31 March 2020	**2,671.83**	**5,583.68**	**2,647.57**	**551.05**	**371.09**	**11,825.22**
Additions during the year	-	2,259.36	908.44		537.82	3,705.62
Disposals/retirement/adjustments	-	1,129.72	1,156.15	17.75	-	2,303.62
Balance as at 31 March 2021	**2,671.83**	**6,713.32**	**2,399.86**	**533.30**	**908.91**	**13,227.22**
Accumulated depreciation						
Balance as at 1 April 2019	**42.29**	**2,839.48**	**975.71**	**-**	**264.00**	**4,121.48**
Charge for the year	248.79	960.53	617.05	9.36	56.91	1,892.64
Disposals/retirement	-	-	28.06	-	-	28.06
Balance as at 31 March 2020	**291.08**	**3,800.01**	**1,564.70**	**9.36**	**320.91**	**5,986.06**
Charge for the year	31.27	1,843.94	976.40	36.04	37.77	2,925.42
Disposals/retirement/adjustments	-	294.41	634.26	-	-	928.67
Balance as at 31 March 2021	**322.35**	**5,349.54**	**1,906.84**	**45.40**	**358.68**	**7,982.81**
Net carrying amount						
As at 31 March 2020	**2,380.75**	**1,783.67**	**1,082.87**	**541.69**	**50.18**	**5,839.16**
As at 31 March 2021	**2,349.48**	**1,363.78**	**493.02**	**487.90**	**550.23**	**5,244.41**

Note:

The Company during the previous year has adopted Ind AS 116 using full retrospective method. Refer note 45 and 46.

8. **Other intangible assets**

	Acquired software	Total
Cost or deemed cost		
Balance as at 1 April 2019	**888.28**	**888.28**
Additions during the year	126.48	126.48
Disposals/retirement	-	-
Balance as at 31 March 2020	**1,014.76**	**1,014.76**
Additions during the year	244.77	244.77
Disposals/retirement	-	-
Balance as at 31 March 2021	**1,259.53**	**1,259.53**
Accumulated amortization		
Balance as at 1 April 2019	**293.83**	**293.83**
Charge for the year	159.32	159.32
Disposals/retirement	-	-
Balance as at 31 March 2020	**453.15**	**453.15**
Charge for the year	248.88	248.88
Disposals/retirement	-	-
Balance as at 31 March 2021	**702.03**	**702.03**
Net carrying amount		
As at 31 March 2020	**561.61**	**561.61**
As at 31 March 2021	**557.50**	**557.50**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Investments

	As at 31 March 2021	As at 31 March 2020
Non-current		
Investment in equity instruments		
Others(at fair value through OCI)		
Jeedimetla Effluent Treatment Limited	0.50	0.50
500 (31 March 2020: 500) equity shares of ₹100 each fully paid-up		
Patancheru Envirotech Limited	1.09	1.09
10,878 (31 March 2020: 10,878) equity shares of ₹10 each fully paid-up		
Total investment in others (at fair value through OCI) (B)	**1.59**	**1.59**
Total non-current investments (A) + (B)	**1.59**	**1.59**
Aggregate value of unquoted investments	1.59	1.59

10. Other financial assets

	As at 31 March 2021	As at 31 March 2020
Non-current		
Derivative financial asset - Fair Value Through Other Comprehensive Income (FVOCI)	-	3.69
Fixed Deposits with maturity more than 12 months*	50.00	-
	50.00	**3.69**
*Represents deposits held as margin money with banks.		
Current		
Unbilled revenue*	1,336.49	419.52
Derivative financial asset - FVTOCI	45.06	4.10
Corporate Deposit	12,500.00	-
Interest accrued but not due on bank deposits	494.77	10.34
	14,376.32	**433.96**
*Classified as financial asset as right to consideration is unconditional upon passage of time		

11. Non-current tax assets (net)

	As at 31 March 2021	As at 31 March 2020
Advance income-tax (net of provision for taxation)	1,284.35	392.65
	1,284.35	**392.65**
Refer Note 35 for details of income tax expense		

12. Other assets

(Unsecured, considered good)

	As at 31 March 2021	As at 31 March 2020
Non-current		
Capital advances	1,000.39	2,524.12
Prepaid expenses	244.78	13.67
Balances with statutory authorities	3,285.82	2,919.68
Tax demand paid under protest	398.67	398.67
	4,929.66	**5,856.14**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

		As at 31 March 2021	As at 31 March 2020
	Current		
	Advance to suppliers	1,293.22	924.10
	Prepaid expenses	719.46	507.48
	Contract assets	20,293.06	9,330.55
	Balances with statutory authorities	6,704.59	7,066.24
	Export incentives receivable	652.39	1,435.15
	Others Receivables	43.50	-
		29,706.22	**19,263.52**
13.	**Inventories**		
	Raw materials and packing materials	2,997.58	1,949.86
	Work-in-progress	3,645.92	1,996.09
	Stores and spares	991.08	458.00
		7,634.58	**4,403.95**
	Refer note 4(g) for basis of valuation and for details of inventories pledged, refer note 19		
14.	**Trade receivables**		
		As at 31 March 2021	**As at 31 March 2020**
	(a) Secured, considered good	20,578.69	26,958.19
	(b) Trade receivables which have significant increase in credit risk	668.66	622.67
		21,247.35	**27,580.86**
	Less: Allowance for doubtful receivables	668.66	622.67
		20,578.69	**26,958.19**
	Refer Note 38B for the Company's credit risk management process.		
15.	**Cash and cash equivalents and other bank balances**		
(i)	**Cash and cash equivalents**		
	Cash on hand	2.30	2.73
	Balances with banks		
	-in current accounts	6,672.93	3,066.06
	-in deposit accounts (with maturity of 3 months or less)*	-	6,002.96
		6,675.23	**9,071.75**
	*Includes deposits held as margin money with banks		
(ii)	**Bank balances other than above**		
	Margin money/Deposit	965.96	753.21
		965.96	**753.21**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

		As at 31 March 2021	As at 31 March 2020
(iii)	**For the purpose of statement of cash flows, cash and cash equivalents comprise of following:**		
	Cash and cash equivalents (as per (i) above)	6,675.23	9,071.75
	Less: Cash credit facilities (refer note 19)	(2,612.74)	(4,931.64)
		4,062.49	**4,140.11**
16.	**Loans**		
	(Unsecured, considered good)		
	Non-current		
	Security deposits	372.64	329.83
		372.64	**329.83**
	Current		
	Security deposits	405.54	362.14
	Loans to employees	18.82	29.28
		424.36	**391.42**

17. Equity share capital

i. Authorised share capital

	As at 31 March 2021		As at 31 March 2020	
	Number	**Amount**	**Number**	**Amount**
Equity shares of ₹10 each	2,03,00,000	2,030.00	2,14,00,000	2,140.00
Optionally convertible preference shares of ₹10 each	6,00,000	60.00	-	-
Compulsorily convertible preference shares of ₹10 each	5,00,000	50.00	-	-
	2,14,00,000	**2,140.00**	**2,14,00,000**	**2,140.00**

ii. Issued, subscribed and fully paid up

	As at 31 March 2021		As at 31 March 2020	
	Number	**Amount**	**Number**	**Amount**
Equity shares of ₹10 each	1,74,29,579	1,742.96	1,63,82,929	1,638.29
Compulsorily convertible preference shares of ₹ 10 each partly paid up of ₹ 8.06 each	4,80,000	38.69	-	-
	1,79,09,579	**1,781.65**	**1,63,82,929**	**1,638.29**

Refer note 18(e) for shares issued subsequently for the pending allotment during previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

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

	31 March 2021		31 March 2020	
	Number	**Amount**	**Number**	**Amount**
Equity shares				
Balance at the beginning of the year	1,63,82,929	1,638.29	1,63,66,728	1,636.67
Add: Shares issued during the year	10,46,650	104.67	16,201	1.62
Balance at the end of the year	**1,74,29,579**	**1,742.96**	**1,63,82,929**	**1,638.29**

	31 March 2021		31 March 2020	
	Number	**Amount**	**Number**	**Amount**
Preference shares				
Balance at the beginning of the year	-	-	-	-
Add: Shares issued during the year-CCPS	4,80,000	38.69	-	-
Balance at the end of the year	**4,80,000**	**38.69**	**-**	**-**
	1,79,09,579	**1,781.65**	**1,63,82,929**	**1,638.29**

iv. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

v. Rights, preferences and restrictions attached to preference shares

The Company has two classes of preference shares viz, CCPS and OCPS. The preference shares are entitled to receive dividend @ 0.01% as declared from time to time on a non-cumulative basis. The said shares are partly paid to the tune of INR 8.06 per share and the same will be treated as fully paid-up upon receiving the payment on final call made for INR 1.94 per share.

vi. Details of shareholders holding more than 5% equity shares in the Company

	31 March 2021		31 March 2020	
Name of the equity shareholders	**Number**	**% holding**	**Number**	**% holding**
TPG ASIA VII SF PTE LTD	76,20,180	43.72%	76,20,180	46.51%
Kanumuri Mytreyi (a Partner of Marigold Partners)	17,82,378	10.23%	-	-
K.Mytreyi	-	-	17,11,633	10.45%
Ranga Raju Kanumuri (a Partner of Sunflower Partners)	11,40,729	6.54%	-	-
K.Ranga Raju	-	-	11,36,636	6.94%
Sai Quest Syn Private Limited	10,68,748	6.13%	10,68,748	6.52%
HBM Private Equity India	10,55,732	6.06%	10,55,732	6.44%
G. Subba Raju	9,38,730	5.39%	9,38,730	5.73%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

vii. Details of shareholders holding more than 5% preferance shares CCPS in the Company

	31 March 2021		31 March 2020	
Name of the Preferance shareholders	**Number**	**% holding**	**Number**	**% holding**
Kanumuri Mytreyi (a Partner of Marigold Partners)	1,68,134	35.03%	-	-
Ranga Raju Kanumuri (a Partner of Sunflower Partners)	1,67,866	34.97%	-	-
Kanumuri Mytreyi (a Partner of Tulip Partners)	72,058	15.01%	-	-
Ranga Raju Kanumuri (a Partner of Lily Partners)	71,942	14.99%	-	-

viii. Shares reserved for issue under options

(a) Employee stock option plan - 2004 ("ESOP 2004")

The Company established a plan ESOP 2004 under which 300,000 equity shares of ₹10 each were earmarked and approved by the Shareholders at the Extraordinary General Meeting held on 13 September 2004. These options shall vest at the end of three years from the grant date. The vested options can be exercised by the employee during his term of employment with the Company.

Employee stock option plan - 2006 ("ESOP 2006")

The Company established a plan ESOP 2006 under which 350,000 equity shares of ₹10 each were earmarked and approved by the Shareholders at the Annual General Meeting held on 16 August 2006. 60% of the options granted shall vest at the end of three years from the grant date and 40% of the options granted shall vest at the end of five years from the grant date. The vested options can be exercised by the employee during his term of employment with the Company.

Sai Employee stock option scheme - 2008 ("SESOS 2008")

The Company established a plan SESOS approved by the Shareholders at the Annual and Extraordinary General Meetings held on 11 September 2008 and 30 March 2009 respectively. As per the scheme, maximum number of employee stock options are restricted to 10% of paid up share capital of the Company. Out of which, 50% of the options granted shall vest at the end of two years from the grant date and the balance 50% of the options shall vest at the end of four years from the grant date. The vested options can be exercised by the employee during his term of employment with the Company.

Under this scheme, the company granted additional employee stock options approved by the Shareholders at the Extraordinary General Meeting held on 25 July 2018. The options granted shall vest 20% at the end of every year from the grant date for a period of 5 years. The vested options can be exercised by the employee during his term of employment with the Company.

Management ESOP scheme - 2018 ("MES 2018")

The Company established a plan MES 2018 approved by the Shareholders at the Extraordinary General Meeting held on 25 July 2018. As per the scheme maximum number of shares reserved under this scheme is 4% of the paid up equity capital of the Company on a fully diluted basis as on the Effective Date. The options granted shall vest 20% at the end of every year from the grant date for a period of 5 years. The vested options can be exercised by the

The terms of the above schemes provide that each option entitles the holder to one equity share of ₹10 each and that the options can be settled only by way of issue of equity shares. The options granted are entirely time-based for ESOP 2004, ESOP 2006, SESOS 2008 and MES 2018 is time and performance based

(b) During the year ended 31 March 2021, the Company had incurred stock compensation cost of ₹242 (31 March 2020: ₹210) towards the above schemes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(c) Stock options activity is as follows:

	No. of options	
Under ESOP 2004 plan	**As at 31 March 2021**	**As at 31 March 2020**
Outstanding at the beginning of the year	5,000	5,000
Granted during the year	-	-
Forfeited during the year	(3,000)	-
Exercised during the year	-	-
Outstanding at the end of the year	2,000	5,000
Weighted average exercise price (₹)	30	30
Exercisable at the end of the year	2,000	5,000

	No. of options	
Under ESOP 2006 plan	**As at 31 March 2021**	**As at 31 March 2020**
Outstanding at the beginning of the year	49	10,000
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	(9,951)
Outstanding at the end of the year	49	49
Weighted average exercise price (₹)	45	45
Exercisable at the end of the year	49	49

	No. of options	
Under SESOS 2008 scheme	**As at 31 March 2021**	**As at 31 March 2020**
Outstanding at the beginning of the year	4,52,400	4,77,400
Granted during the year	-	10,000
Forfeited during the year	(25,000)	(35,000)
Exercised during the year	(20,400)	-
Outstanding at the end of the year	4,07,000	4,52,400
Weighted average exercise price (in Rupees)	83, 104, 116, 120 & 284	83, 104, 116, 120 & 284
Exercisable at the end of the year	4,07,000	4,52,400

	No. of options	
Under MES 2018 scheme	**As at 31 March 2021**	**As at 31 March 2020**
Outstanding at the beginning of the year	7,55,000	3,20,000
Granted during the year	80,000	4,35,000
Forfeited/Lapsed during the year	(3,05,000)	-
Exercised during the year	-	-
Outstanding at the end of the year	5,30,000	7,55,000
Weighted average exercise price (in Rupees)	1,273 and 1,889	1,273
Exercisable at the end of the year	5,30,000	7,55,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(d) The fair value of options is estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

	For the year ended 31 March 2020		
Date of grant	**03-Sep-19**	**16-May-19**	**06-Jan-20**
Risk-free interest rate	7.00%	7.00%	7.00%
Expected life (in years)	5	5	5
Expected volatility	21.01%	16.70%	16.70%
Expected dividend yield	0.00%	0.00%	0.00%

	For the year ended 31 March 2021		
	MES 2018	**MES 2018**	**MES 2018**
Date of grant	**10-Jun-20**	**29-Sep-20**	**17-Feb-21**
Risk-free interest rate	7.00%	7.00%	7.00%
Expected life (in years)	5	5	5
Expected volatility	16.70%	16.70%	16.70%
Expected dividend yield	0.00%	0.00%	0.00%

vii. During the period of five years immediately preceding the balance sheet date, no shares have been bought back, issued for consideration other than cash and no bonus shares have been issued.

18. Other equity

	As at 31 March 2021	As at 31 March 2020
Securities premium (Note a)	38,255.84	38,159.21
Capital reserve (Note b)	80.70	80.70
Employee stock options outstanding account (Note c)	706.09	505.90
Retained earnings (Note d)	45,609.11	39,395.28
Shares pending allotment (Note e)	-	140.42
Cash flow hedge reserve (Note f)	(160.96)	(537.15)
Foreign currency translation reserve (Note g)	22.71	56.24
	84,513.49	**77,800.60**

Nature and purpose of reserves

(a) Securities premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium. During the year ended 31 March 2021, the Company issued 10,46,650 equity shares.

(b) Capital reserve

Capital reserve pertains to the excess of net assets taken, over the cost of consideration paid pursuant to amalgamation of Advantium Pharma Private Limited with the Company in the earlier years and on forfeiture of certain share warrants issued in the earlier years. The Company uses capital reserve for transactions in accordance with the provisions of the Act.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

(c) Employee stock options outstanding account

Employee stock options outstanding account relates to share options granted by the Company to its employees under its employee share option plan. These will be transferred to retained earnings after exercise of the underlying options.

(d) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(e) Shares pending allotment

The Scheme of Arrangement referred in note 47, which has been approved by the National Company Law Tribunal on August 18, 2020 has been given effect in these financial statements from the appointed date May 1, 2019, in accordance with the terms of the Scheme. Accordingly, 1,020,000 equity shares of Rs. 10 each and 480,000 compulsorily convertible preference shares of Rs. 10 each, partly paid-up of Rs. 8.06 each to be issued as consideration to the shareholders of transferor company as on the appointed date, have been accounted as shares pending allotment during previous year have been alloted during the current year. Further, 600,000 optionally convertible preference shares of Rs. 10 each, partly paid-up Rs. 8.06 each to be issued have been considered as financial liability which is pending allotment during the previous year have been alloted during the year (refer note 21).

(f) Cash flow hedge reserve

Cash flow hedge reserve represents effective portion of cash flow hedges taken to Other comprehensive income.

(g) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences accumulated when the financial statements of foreign operations are converted from their functional currency to presentation currency of the Company.

Movement in other equity

		As at 31 March 2021	As at 31 March 2020
1)	**Securities premium**		
	Balance at the beginning of the year	38,159.20	38,076.78
	Add: Amount on account of shares issued (net of related expenses)	96.63	82.42
	Balance at the end of the year	**38,255.83**	**38,159.20**
2)	**Capital reserve**		
	Balance at the beginning of the year	80.70	80.70
	Movement during the year	-	-
		80.70	**80.70**
3)	**Employee stock options outstanding account**		
	Balance at the beginning of the year	505.90	302.85
	Amount transferred on exercise/forfeiture of employee stock options	(41.81)	(6.95)
	Share-based payment expense	242.00	210.00
		706.09	**505.90**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

		As at 31 March 2021	As at 31 March 2020
4)	**Retained earnings**		
	Balance at the beginning of the year	39,395.28	31,846.73
	Adjustment pursuant to scheme of arrangement (refer note 47)	-	(165.07)
	Re-measurement of defined benefit obligation (net of tax)	61.90	74.14
	Amount transferred on exercise/forfeiture of employee stock options	41.81	6.95
	Profit for the year	6,110.12	7,632.53
		45,609.11	**39,395.28**
5)	**Shares pending allotment**		
	Balance at the beginning of the year	140.42	-
	Additions during the year	-	140.42
	Allotted during the year	(140.42)	-
		-	**140.42**
6)	**Cash flow hedge reserve**		
	Balance at the beginning of the year	(537.15)	(101.34)
	Effective portion of cash flow hedges (net of tax)	376.19	(435.81)
		(160.96)	**(537.15)**
7)	**Foreign currency translation reserve**		
	Balance at the beginning of the year	56.24	110.84
	Movement during the year (net of tax)	(33.53)	(54.60)
		22.71	**56.24**

19. Borrowings

	As at 31 March 2021	As at 31 March 2020
Non-current		
(Secured - at amortized cost)		
Term loans		
From banks [refer note (i) to (x)]	27,873.53	8,182.05
Vehicle loans [refer note (xi)]	-	29.66
	27,873.53	**8,211.71**
Less: Current maturities of long-term loans (refer note 21)	3,229.56	2,254.50
	24,643.97	**5,957.21**

Terms and conditions of loans and nature of security

(i) Foreign currency term loans (USD denominated) from ICICI Bank Limited amounting to ₹ Nil (31 March 2020: 101.77) are secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. These loans carry interest rate of 4.52% per annum and are repayable in unequal quarterly instalments commencing from September 2013 and the last instalment which was due in April 2020 is paid and closed during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(ii) Term loan from State Bank of India amounting to ₹2,715.34 (31 March 2020: ₹3,400.10) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate ranging from 8.26% to 11.00% per annum and is repayable in unequal quarterly instalment commencing from September 2017 with last instalment falling due in March 2024.

(iii) Term loans (USD denominated) from IndusInd Bank amounting to ₹695.70 (31 March 2020: ₹878.13) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. These loans carry interest rate ranging from 2.75% to 3.95% per annum and are repayable in unequal quarterly instalments commencing from July 2017 with the last instalment falling due in March 2025.

(iv) Term loan from IndusInd Bank amounting to ₹ 341.63 (31 March 2020: ₹ 438.08) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate ranging from 7.41% to 8.58% per annum and was repayable in unequal quarterly instalments commencing from December 2017 and the last repayment falling due in March 2025.

(v) Term loan (USD denominated) from Standard Chartered Bank Limited amounting to ₹ 2,321.70 (31 March 2020: ₹ 3,363.97) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate ranging from 1.98% to 3.38% per annum and is repayable in quarterly instalments commencing from November 2019 with the last instalment falling in August 2023.

(vi) Term loan from Kotak Bank amounting to ₹ 7,432.06 (31 March 2020: ₹ Nil) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate of 7.35% per annum and was repayable in unequal quarterly instalments commencing from November 2022 and the last repayment falling due in August 2027.

(vii) Term loan from HDFC Bank amounting to ₹ 5,000.00 (31 March 2020: ₹ Nil) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate of 9.00% per annum and was repayable in unequal quarterly instalments commencing from July 2021 and the last repayment falling due in April 2026.

(viii) Working capital Term loan facility under Guaranteed Emergency Credit Line from ICICI Bank amounting to ₹ 1,398.00 (31 March 2020: ₹ Nil) is secured by way of pari passu second charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate of MCLR +1% or 9.00% per annum which ever is lower and was repayable in equal Monthly instalments commencing from March 2021 and the last repayment falling due in March 2026.

(ix) Term loan from IndusInd Bank amounting to ₹ 7,489.10 (31 March 2020: ₹ Nil) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate of 7.35% linked to 6 months T-Bill Rate and was repayable in unequal quarterly instalments commencing from March 2022 and the last repayment falling due in December 2028.

(x) CCECL (Demand loan) from SBI Bank amounting to ₹ 480.00 (31 March 2020: ₹ Nil) is secured by way of pari passu second charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu first charge on all current assets both present and future of the Company. This loan carries interest rate equal to MCLR per annum with monthly rests and was repayable in equal Monthly instalments commencing from Octomber 2020 and the last repayment falling due in March 2022.

(xi) Vehicle loans amounting to Nil (31 March 2020: ₹29.66) are secured by hypothecation of respective vehicles. These are repayable in equated monthly instalments. These loans carries interest rate of 12.00%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	As at 31 March 2021	As at 31 March 2020
Current		
(Secured - at amortized cost)		
Working capital loans from banks*	32,398.11	20,913.81
(Unsecured - at amortized cost)		
Working capital loans repayable on demand - Buyers credit facility	3,398.13	1,242.39
	35,796.24	**22,156.20**
* Includes cash credit facilities	2,612.74	4,931.64

Note: The above borrowings are secured by way of hypothecation of the Company's goods, book debts, movables and other assets. Interest rate ranges between 1.8% to 8% p.a and the loans are revolving on an annual basis.

20. Lease liabilities *		
Non-current	2,696.00	2,851.34
Current	1,063.99	2,571.33
	3,759.99	**5,422.67**
*Refer note 45 and 46		
21. Other financial liabilities		
Non-current		
Optionally convertible preference shares pursuant to Scheme of Arrar	48.03	48.03
Derivative liabilities - FVTOCI	135.88	258.20
	183.91	**306.23**
Current		
Current maturities of long-term loans (refer note 19)	3,229.56	2,224.84
Current maturities of vehicle loans (refer note 19)	-	29.66
Interest accrued and due on borrowings	152.62	44.47
Interest accrued but not due on borrowings	9.11	31.13
Capital creditors (refer note (a) below)	2,453.47	2,905.14
Derivative liabilities - FVTOCI	76.69	419.94
Others	615.07	-
	6,536.52	**5,655.18**

a) Capital creditors include outstanding dues of micro enterprises and small enterprises to the extent of ₹ 292.97 (31 March 2020: ₹ 825.55)

22. Provisions

	As at 31 March 2021	As at 31 March 2020
Non-current		
Gratuity	1,365.74	1,193.05
Compensated absences	543.53	340.93
	1,909.27	**1,533.98**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	As at 31 March 2021	As at 31 March 2020
Current		
Gratuity	279.06	243.75
Compensated absences	291.24	215.12
	570.30	**458.87**

Employee benefits

The Company has the following post -employment benefits plans:

(a) **Defined contribution plan**

The following amount has been recognised as an expense in statement of profit and loss account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities

	For the year ended 31 March 2021	For the year ended 31 March 2020
Contribution to provident fund	592.10	623.38
Contribution to employees state	5.83	12.16
	597.93	**635.54**

(b) **Gratuity (unfunded)**

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 day's last drawn salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/ exit, restricted to a sum of ₹ 20.00 in accordance with Payment of Gratuity Act, 1972.This defined benefit plan exposes the company to actuarial risk such as longevity, interest rate risk and market risk & inflation risk.

(i) **Change in defined benefit obligation**

Defined benefit obligation at the beginning of the year	1,436.80	1,249.23
Current service cost	337.69	302.56
Interest cost	85.79	83.99
Actuarial (gain)/loss on obligation		
Loss/(gain) from change in financial assumptions	41.71	44.81
Loss/(gain) on account of experience adjustments	(124.44)	(158.77)
Past service cost	-	-
Benefits paid	(132.75)	(85.02)
Defined benefit obligation at the end of the year	**1,644.80**	**1,436.80**
(ii) **Reconciliation of present value of obligation on the fair value of plan assets**		
Present value of projected benefit obligation at the end of the year (i)	1,644.80	1,436.80
Funded status of the plans (ii)	-	-
Net liability recognised in the balance sheet (i)- (ii)	**1,644.80**	**1,436.80**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

		As at 31 March 2021	As at 31 March 2020
(iii)	**Expense recognised in the statement of profit and loss**		
	Included under finance cost		**31 March 2017**
	Interest cost	85.79	83.99
	Included under employee benefits		
	Service cost	337.69	302.56
	Past service cost	-	-
		337.69	302.56
	Net gratuity costs	**423.48**	**386.55**
(iv)	**Expense recognised in other comprehensive income**		
	Recognised net actuarial loss/(gain)	(82.72)	(113.96)
		(82.72)	**(113.96)**
(v)	**Key actuarial assumptions**		
		For the year ended 31 March 2021	**For the year ended 31 March 2020**
	Discount rate	5.70%	6.26%
	Salary escalation rate	10.00%	10.00%
	Expected average remaining service	3.86	3.86
	Mortality	IALM (2012-14) Ultimate	IALM 2006-08 ultimate
	Attrition rate	20.00%	20.00%
	Retirement age-years	58	58

(vi) **Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in the benefit obligation being as follows:

Particulars	31 March 2021		31 March 2020	
	Increase in rate	**Decrease in rate**	**Increase in rate**	**Decrease in rate**
Discount rate (+ / - 1% movement)	(1,571.77)	1,724.90	(1,373.63)	1,506.03
Salary escalation rate (+ / - 1% moveme	1,710.22	(1,583.19)	1,493.41	(1,383.49)

Maturity profile of the defined benefit obligation

Expected cash flows over the next :	31 March 2021	31 March 2020
1 year	279.06	243.75
2 - 5 years	862.12	764.31
5 - 10 years	629.22	575.65

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

23. Deferred tax liabilities (net)

	As at 31 March 2021	As at 31 March 2020
Deferred tax liabilities arising on account of :		
Property, plant and equipment	4,697.72	5,879.14
Contract assets	2,635.61	1,537.05
Others	31.27	31.56
Deferred tax assets arising on account of :		
Unused tax credits	-	(1,775.03)
Right-of-use assets	(16.62)	(22.88)
Provision for employee benefits	(622.29)	(696.38)
Provision for trade receivables and advances	(203.89)	(253.17)
Derivative instruments - FVTOCI	(118.83)	(234.09)
Losses incurred by subsidiary	(278.63)	(132.76)
Others	13.40	(41.03)
Deferred tax liabilities, (net)	**6,137.74**	**4,292.41**

Movement in deferred tax assets/deferred tax liabilities

	1 April 2019	Recognized in statement of profit and loss	Recognized in OCI	31 March 2020
Deferred tax liabilities arising on account of :				
Property, plant and equipment	4,066.20	1,812.94	-	5,879.14
Other non-current assets / financial liabilities	32.84	(1.28)	-	31.56
Contract assets	1,160.93	376.12	-	1,537.05
Deferred tax assets arising on account of :				
Unused tax credits	(1,132.47)	(642.56)	-	(1,775.03)
Right-of-use assets	(42.41)	19.53	-	(22.88)
Provision for employee benefits	(581.19)	(155.01)	39.82	(696.38)
Provision for trade receivables and advances	(190.06)	(63.11)	-	(253.17)
Derivative instruments - FVTOCI	-	-	(234.09)	(234.09)
Loss on subsidary	-	(132.76)	-	(132.76)
Others	(11.70)	-	(29.33)	(41.03)
	3,302.14	**1,213.87**	**(223.60)**	**4,292.41**

	1 April 2020	Recognized in statement of profit and loss	Recognized in OCI	31 March 2021
Deferred tax liabilities arising on account of :				
Property, plant and equipment	5,879.14	(1,181.42)	-	4,697.72
Other non-current assets / financial liabilities	31.56	(0.29)		31.27
Contract assets	1,537.05	1,098.56	-	2,635.61
Deferred tax assets arising on account of :				
Unused tax credits	(1,775.03)	1,775.03	-	-
Right-of-use assets	(22.88)	6.26	-	(16.62)
Provision for employee benefits	(696.38)	53.27	20.82	(622.29)
Provision for trade receivables and advances	(253.17)	49.28	-	(203.89)
Derivative instruments - FVTOCI	(234.09)	-	115.26	(118.83)
Loss of subsidiary	(132.76)	(145.87)	-	(278.63)
Others	(41.03)	54.43	-	13.40
	4,292.41	**1,709.25**	**136.08**	**6,137.74**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

		As at 31 March 2021	As at 31 March 2020
24.	**Trade payables**		
	Acceptances	2,452.27	-
	Other than acceptances*	11,345.64	14,301.07
	Of the above		
	(A) Total outstanding dues of micro enterprises and small enterprises (Refer note 44)	840.36	368.65
	(B) Total outstanding dues of creditors other than micro enterprises and small enterprises*	12,957.55	13,932.42
		13,797.91	**14,301.07**
	* Includes amount payable to related parties - Refer note 40		
25.	**Other liabilities**		
	Current		
	Advance from customers	685.25	409.68
	Payable to statutory authorities	895.64	649.17
	Other Advances	500.00	-
		2,080.89	**1,058.85**
26.	**Current tax liabilities (net)**		
	Provision for income tax (net of advance tax)	30.10	456.44
		30.10	**456.44**

		For the year ended 31 March 2021	For the year ended 31 March 2020
27.	**Revenue from operations**		
	Sale of goods and services		
	Revenue from contract research and manufacturing activities	75,870.66	71,914.02
	Revenue from sale of traded goods	-	35.34
	Other operating income		
	Income from export incentives	118.29	543.41
	Commission income	-	58.29
		75,988.95	**72,551.06**
28.	**Other income**		
	Interest income from fixed deposits	756.15	922.24
	Interest income on financial assets at amortised cost	38.77	30.54
	Foreign exchange gain (net)	1,583.49	831.04
	Interest on income tax refund	32.54	-
	Provisions no longer required written back	317.92	-
		2,728.87	**1,783.82**
29.	**Cost of materials consumed**		
	Raw material and packing material at the beginning of the year	1,949.86	2,093.78
	Add: Purchases/adjustments	24,571.45	20,599.46
	Less: Raw material and packing material at the end of the year	(2,997.58)	(1,949.86)
		23,523.73	**20,743.38**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

		For the year ended 31 March 2021	For the year ended 31 March 2020
30.	**Changes in inventories of work-in-progress**		
	Opening balance		
	- Work-in-progress	1,996.09	1,444.92
	(A)	**1,996.09**	**1,444.92**
	Closing balance		
	- Work-in-progress	3,645.92	1,996.09
	(B)	**3,645.92**	**1,996.09**
	(A) - (B)	**(1,649.83)**	**(551.17)**
31.	**Employee benefits expense**		
	Salaries, wages and bonus (refer note (a) below)	20,901.65	19,171.27
	Gratuity	337.69	302.96
	Contribution to provident and other funds	597.93	603.07
	Employee-share based payment expense-equity settled	242.00	210.00
	Staff welfare expenses	1,081.98	1,095.14
		23,161.25	**21,382.44**
	(a) Includes contract labour charges of ₹ 1,731.45 (31 March 2020: ₹ 1,952.43)		
32.	**Finance costs**		
	Interest on lease liabilities	413.41	410.11
	Interest on financial liabilities measured at amortised cost (net of borrowing cost capitalised to property, plant and equipment)	2,364.41	1,297.27
	Interest on net defined benefit liability	117.90	108.27
	Interest - others	136.56	91.77
		3,032.28	**1,907.42**
33.	**Depreciation and amortisation expense**		
		For the year ended 31 March 2021	**For the year ended 31 March 2020**
	Depreciation of property, plant & equipment (refer note 6)	4,782.94	3,418.15
	Depreciation on right-of-use assets (refer note 7)	2,925.42	1,892.64
	Amortisation of intangible assets (refer note 8)	248.88	159.32
		7,957.24	**5,470.11**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

		For the year ended 31 March 2021	For the year ended 31 March 2020
34.	**Other expenses**		
	Consumption of stores and spares	1,920.66	1,940.56
	Power and fuel	2,724.95	2,704.26
	Rent	84.66	80.63
	Repairs and maintenance		
	- Buildings	316.92	190.98
	- Plant and equipment	1,259.39	1,229.90
	- Others	1,063.81	1,004.21
	Insurance	1,028.02	722.78
	Rates and taxes	346.29	319.14
	Outside contract cost	214.18	279.28
	Carriage and freight outwards	318.91	237.16
	Communication expenses	221.82	149.29
	Office maintenance and housekeeping expenses	392.96	254.51
	Travelling and conveyance	176.98	885.90
	Legal and professional fees (refer note (i) below)	2,678.08	2,546.32
	Corporate social responsibility (CSR) expenditure (refer note (ii) below)	232.00	148.00
	Provision towards doubtful trade receivables (refer note 38B)	45.99	150.00
	Bad debts written off (net of recoveries) (refer note 38B)	18.48	428.83
	Bank charges	281.31	262.46
	Net loss on disposal of property, plant and equipment	183.30	12.27
	Sales promotion expenses including sales commission	173.02	352.01
	Membership and subscription	705.60	414.01
	Printing and stationery	90.08	95.85
	Miscellaneous expenses	23.80	37.27
		14,501.21	**14,445.62**
(i)	**Details of Auditor's remuneration :**		
	As auditor:		
	- Audit fee	42.50	37.00
	In other capacities:		
	- Certification fees	5.25	5.25
	- Reimbursement of expenses	0.50	0.50
		48.25	**42.75**

(ii) Details of CSR expenditure :

As required under Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. During the year, the Company was required to spend ₹ 215.66 for contributing through Technology, conducting free medical program in rural areas, by taking actions on Environmental sustainability, by associating with NGO education system in rural areas and providing water storage.

Amount spent during the year on:		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	232.00	148.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

35. Income tax

	For the year ended 31 March 2021	For the year ended 31 March 2020
Tax expense comprises of:		
Current tax	372.57	2,062.28
Deferred tax	1,709.25	1,213.87
Income tax expense reported in the statement of profit or loss	**2,081.82**	**3,276.15**

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.17% and the reported tax expense in the statement of profit and loss is as follows: During the year, the Company elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for Income tax for the year ended March 31, 2021 and re-measured its Deferred tax assets/ (liabilities) (net) based on the rate prescribed in the said Ordinance. The full impact of this change has been recognised in the statement of profit and loss and other comprehensive income, for the year ended March 31, 2021.

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

Profit before tax	8,191.94	10,908.68
Tax at the Indian tax rate (25.17%) [31 March 2020: 34.944%]	2,061.91	3,811.93
Adjustments		
Weighted deduction of revenue expenditure Section 35(2AB)	-	(134.04)
Investment allowance - Section 32AC	-	(492.00)
Effect of concessions (Donations and others)	(32.22)	(31.48)
Disallowance of CSR expenditure	58.39	55.53
Others	(6.26)	66.21
Income tax expense	**2,081.82**	**3,276.15**

36. **Earnings per equity share [EPES]**	**31 March 2021**	**31 March 2020**
Profit attributable to equity shareholders	6,110.12	7,632.53
Weighted average number of equity shares outstanding during the year	1,69,39,935	1,63,73,223
Effect of dilution:		
Employee stock options	3,00,218	3,92,299
Weighted average number of equity shares adjusted for the effect of dilution	1,72,40,153	1,67,65,522
Earnings per equity share (in absolute ₹ terms) :		
Basic	36.07	48.95
Diluted	35.44	48.74
Nominal Value per share equity share	10	10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

37. Fair value measurements

Risk management framework:

The Company's principal financial liabilities, comprise borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Company also holds FVTOCI investments and investment in its subsidiary.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors oversees the management of these risks. The Company's Board of Directors is supported by the senior management that advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance to the Company's Board of Directors that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

(i) Financial assets and financial liabilities measured at fair value

	Level 1		Level 2		Level 3	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Financial assets - Unlisted equity instruments measured at FVTOCI* and derivative instruments designated in hedge accounting relationship	-	-	45.06	7.79	1.59	1.59
Financial liabilities - Derivative financial instruments - loss on outstanding foreign exchange forwards, options, currency swap contracts and interest rate swap contracts[1]	-	-	212.57	678.14	-	-

[1] The Company enters into derivative financial instruments with various counterparties, principally banks. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forwards, options and swap contracts. These derivative financial instruments are valued based on the inputs that are directly or indirectly observable in the market place.

*These are held for operational purposes and the Company estimates that the fair value of these investments are not materially different as compared to their cost.

Financial instruments by category

	31 March 2021			31 March 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments	-	1.59	-	-	1.59	-
Trade receivables	-	-	20,578.69	-	-	26,958.19
Loans	-	-	797.00	-	-	721.25
Cash and cash equivalents	-	-	6,675.23	-	-	9,071.75
Other bank balances	-	-	965.96	-	-	753.21
Other financial assets	-	45.06	14,381.26	-	7.79	429.86
Total financial assets	**-**	**46.65**	**43,398.14**	**-**	**9.38**	**37,934.26**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	31 March 2021			31 March 2020		
	FVTPL	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**
Financial liabilities						
Borrowings	-	-	63,669.77	-	-	30,367.91
Lease liabilities	-	-	3,759.99	-	-	5,422.67
Trade payables	-	-	13,797.91	-	-	14,301.07
Other financial liabilities	-	212.57	3,278.30	-	678.14	3,028.77
Total financial liabilities	**-**	**212.57**	**84,505.97**	**-**	**678.14**	**53,120.42**

37. Fair value measurements (continued)

(ii) Measurement of fair values

Valuation technique and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used:

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value**
Forward exchange contract	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency	Not applicable	Not applicable
Interest rate swaps and Cross Currency swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to credit risk adjustment that reflects the credit risk of the entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable	Not applicable
Option contracts	The significant valuation inputs considered are the option exercise price, currency spot rates, tenure, risk-free interest rates and the anticipated volatility in the underlying currency	Not applicable	Not applicable

(iii) Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in 2020-21 and no transfers in either direction in 2019-20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

38. Financial instruments risk management

A. Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, lease liabilities, deposits, trade receivables and other financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2021 and 31 March 2020. The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations; provisions; and non-financial assets and liabilities.

i. Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has loan facilities on floating interest rate, which exposes the Company to risk of changes in interest rates. The management monitors the interest rate movement and manages the interest rate risk based on its policies, which include entering into interest rate swaps as considered necessary. The Company's investment in deposits with banks are for short durations and therefore do not expose the Company to significant interest rate risk.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined for borrowings assuming the amount of borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis points increase or decrease in case of foreign currency borrowings and 50 basis points increase or decrease in case of rupee borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

If interest rate had been 10 basis points higher/lower in case of foreign currency borrowings and 50 basis points higher/ lower in case of rupee borrowings and all other variables were held constant, the Company's profit for the year ended 31 March 2021 would decrease/increase by ₹ 238.47 (31 March 2020: ₹ 66.77)

ii. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure shall fluctuate because of change in foreign exchange rates. The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in US Dollars and Euros) and foreign currency borrowings (primarily in US Dollars). As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses both derivative and non-derivative financial instruments, such as foreign exchange forward contracts, currency swap contracts and foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

a) Significant foreign currency risk exposure relating to financial assets and financial liabilities expressed in ₹ terms are as follows.

Financial assets

	31 March 2021			31 March 2020		
	Trade receivables*	**Balances in bank**	**Other assets**	**Trade receivables***	**Balances in bank**	**Other assets**
- USD	15,449.13	1,031.62	1,033.69	21,069.52	671.09	419.52
- EUR	3,977.88	-	39.94	5,688.68	-	-
- GBP	89.98	1,529.26	164.11	-	-	-
- Others**	149.70	58.07	-	47.13	86.45	5.04

* This amount excludes ECL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

Financial liabilities

	31 March 2021				31 March 2020			
	Borrowings#	**Trade payables**	**Capital creditors**	**Lease liabilities**	**Borrowings**	**Trade payables**	**Capital creditors**	**Lease liabilities**
- USD	19,932.37	2,362.14	503.12	742.50	17,679.98	1,875.05	248.93	1,605.04
- EUR	171.71	3.46	10.72	-	3,585.79	5.05	7.13	-
- GBP	-	-	186.45	-	-	-	-	-
- Others**	-	5.06	-	-	-	178.90	55.82	-

** Previous year GBP amount is included in others above
# This amount includes interest accrued

38. Financial instruments risk management (continued)

(b) Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The Company’s exposure to foreign currency changes for all other

Particulars	**Impact on income**	
	31 March 2021	**31 March 2020**
USD sensitivity		
₹/USD - Increase by 1%	(60.26)	7.51
₹/USD - Decrease by 1%	60.26	(7.51)
EUR sensitivity		
₹/EUR - Increase by 1%	38.32	20.91
₹/EUR - Decrease by 1%	(38.32)	(20.91)
GBP sensitivity		
₹/GBP - Increase by 1%	15.97	-
₹/GBP - Decrease by 1%	(15.97)	-

(c) Derivative financial instruments

The following table gives details in respect of outstanding derivative contracts. The counterparty for these contracts are banks.

			31 March 2021		31 March 2020	
	Sell	**Buy**	**No of contracts**	**Amount in million**	**No of contracts outstanding**	**Amount in million**
Forward contract	US$	₹	27	$8.95	59	$16.61
Currency swaps	₹	US$	1	₹ 35.05	1	₹ 43.81
Currency swaps	US$	EUR	1	$0.90	2	$1.25
Interest rate swaps (floating to fixed)			1	$3.18	1	$4.45

The Company designates its derivative contracts that hedge foreign exchange risk associated with its highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded as in other comprehensive income, and re-classified in the income statement as revenue in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such cash flow hedges is immediately recorded in the statement of profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

B. Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

The Company has established a credit mechanism under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored.

The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 20,578.69 (31 March 2020: ₹ 26,958.19) The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for doubtful receivables	As at 31 March 2021	As at 31 March 2020
Opening balance	622.67	472.67
Provision towards doubtful trade receivables	64.47	578.83
Amounts written off	(18.48)	(428.83)
Closing balance	**668.66**	**622.67**

C. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company's principal sources of liquidity are the cash flows generated from operations. Further the Company also has long term borrowings and working capital facilities which the management believes are sufficient for its current requirements. Accordingly, no liquidity risk is perceived.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

31 March 2021	Carrying amount	Contractual cash flows			
		Up to 1 year	From 1 to 3 years	More than 3 years	Total
Non-derivative financial liabilities					
Borrowings	63,669.77	39,025.80	13,197.16	11,446.81	**63,669.77**
Lease liabilities	3,759.99	1,650.28	1,342.63	767.08	**3,759.99**
Trade and other payables	13,797.91	13,797.91	-	-	**13,797.91**
Other financial liabilities	3,278.30	3,230.27	48.03	-	**3,278.30**
Total	**84,505.97**	**57,704.26**	**14,587.82**	**12,213.89**	**84,505.97**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

31 March 2020	Carrying amount	Contractual cash flows			
		Up to 1 year	From 1 to 3 years	More than 3 years	Total
Non-derivative financial liabilities					
Borrowings	30,367.91	24,410.70	5,700.20	257.01	**30,367.91**
Lease liabilities	5,422.67	2,632.78	2,109.06	680.83	**5,422.67**
Trade payable	14,301.07	14,301.07	-	-	**14,301.07**
Other financial liabilities	3,028.77	2,980.74	-	48.03	**3,028.77**
Total	**53,120.42**	**44,325.29**	**7,809.26**	**985.87**	**53,120.42**

39. Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any dividend payments, return capital to shareholders or issue new shares or sell assets to reduce debt. Total capital is the equity as shown in the statement of financial position. Currently, the Company primarily monitors its capital structure on the basis of the following gearing ratio. Management is continuously reviewing its strategies to optimize the returns and reduce the risks. It includes plans to optimize the financial leverage of the Company.

The capital for the reporting year under review is summarized as follows:

	31 March 2021	31 March 2020
Total borrowings (note 19)	63,669.77	30,367.91
Less: Cash and cash equivalents (note 15(i))	6,675.23	9,071.75
Less: Other bank balances (note 15 (ii)) and Deposits classified under Other financial assets (note 10)	13,515.96	-
Net debt (A)	**43,478.58**	**21,296.16**
Total equity (B)	86,295.14	79,438.89
Net debt to equity ratio (A)/(B)	**0.50**	**0.27**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

40. Related party disclosures

(a) **Names of the related parties and nature of relationship**

Names of related parties	**Nature of relationship**
Sai Quest Syn Private Limited	Entity in which KMP have control or have significant influence
TPG Asia VII SF Pte Ltd	Entity having significant influence on the Company
Soma Khadi Gramodyog Sangha	Entity in which KMP have control or have significant influence
Dr. K Ranga Raju Krishnam Raju Sivaramakrishnan Chittor *(appointed as Chief Financial Officer w.e.f. 1 July 2021)* Jayant Bhalchandra Manmadkar *(resigned as Chief Financial Officer on 1 July 2021)* Runa Karan	Key management personnel ("KMP")
Dr. Raju A Penmasta Puneet Bhatia Mitesh Daga	Director
Rajagopal S. Tatta Nandita Gurjar	Independent Director
G.L. Tanuja	Relative of KMP

(b) **Transactions with related parties**

	For the year ended	
	31 March 2021	**31 March 2020**
Transactions with independent directors	**64.09**	**67.64**
Commission	60.90	59.58
Sitting fees	2.79	3.58
Reimbursement of expenses	0.40	-
Allotment of shares on exercise of employee stock options	-	4.48
Transactions with entity in which KMP has control or significant influence	**-**	**30.00**
Rental deposit given	-	30.00
Transactions with KMP	**883.06**	**998.04**
Managerial remuneration*	883.06	984.77
Employee stock options granted	-	13.27
Transactions with relative of directors	**-**	**47.04**
Rent	-	47.04

(c) **Balances outstanding**

	As at	
	31 March 2021	**31 March 2020**
Payables		
KMP	306.85	345.27
Independent Directors	-	17.71
Entity in which KMP has control or significant influence	**30.00**	**30.00**
Rental deposit	30.00	30.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

*KMP are covered by the Company's mediclaim insurance policy and are eligible for gratuity and leave encashment along with other employees of the Company. The proportionate premium paid towards this policy and provision made for gratuity and leave encashment pertaining to the KMP has not been included in the aforementioned disclosures as these are not determined on an individual basis.

(d) **Transaction with related parties**

In accordance with the applicable provisions of the Income Tax Act, 1961, the Company is required to use certain specified methods in assessing that the transactions with the related parties, are carried at an arm's length price and is also required to maintain prescribed information and documents to support such assessment. The appropriate method to be adopted will depend on the nature of transactions / class of transactions, class of associated persons, functions performed and other factors as prescribed. Based on certain internal analysis carried out, management believes that transactions entered into with the related parties were carried out at arms length prices. The Company is in the process of updating the transfer pricing documentation for the financial year ended 31 March 2021. In opinion of the management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

41. Segment reporting

The management has assessed the identification of reportable segments in accordance with the requirements of Ind AS 108 'Operating Segment'and believes that the Group has only one reportable segment namely "Contract research and contract manufacturing". Geography-wise details of the Group's revenues from external customers and its non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) and revenue from major customers are given below:

	For the year ended	
(i) Revenue from External customers	**31 March 2021**	**31 March 2020**
India	4,267.55	2,585.12
Outside India	71,603.11	69,422.53
(ii) Non-Current Assets (Other than financial instruments)		
India	91,537.84	75,543.26
Outside India	9,418.55	3,883.63

(iii) Major Customer

The Group has one customer who contributed more than 10% of the Group's company total revenue during the current year and three customers during the previous year. The revenue from such major customers during the year is Rs.12,799.74 (31 March 2020: Rs.29,092.98).

42. Contingent liabilities and commitments

		As at	
		31 March 2021	**31 March 2020**
(a)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	8,548.81	9,485.83
(b)	**Contingent liabilities**		
	Claims arising from disputes not acknowledged as debts in respect of:		
	Excise duty liabilities - refer note (c) (i) below	72.48	72.48
	Service tax liabilities - refer note (c) (ii) below	123.62	123.62
	Entry tax liabilities - refer note (c) (iii) below	12.41	12.41
	Provident Fund Damages relating to PF contribution of international workers - refer note (c) (iv) below	218.91	218.91
	Income tax liabilities - refer note (c) (v) below	372.24	372.24
	VAT liabilities - refer note (c) (vi) below	592.52	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(c) (i) The Central Excise department has raised a demand against the company on the ground that the company has not complied with the conditions of Notification No 23/2003 – CE dated 31 March 2003. As per the said notification, an Export Oriented Unit (EOU) unit can clear the goods into Domestic Tariff Area (DTA) on payment of excise duty at a concessional rate upto 50% of the Free on Board (FOB) value of the exports on the sale of similar goods to DTA. The central excise officer has held that the goods sold in DTA are different from the goods which are exported. Accordingly raised the above demand along with interest and penalty. Replies to notices are filed and waiting for personal hearing.

(ii) The Service tax department has raised a demand on the ground that that the Place of Provision of Service is in India and as such there is no export of service by the company applying Rule 4 of Place of Provision of Service Rules, 2012. (POPS Rules) with respect to Drug Metabolism and Pharmacokinetic (DMPK) services rendered by the Company. Appeal filed before CESTAT- Pune, on 27 April 15 and Final Order received. Appeal is filed before Honourable High Court on 9 Dec 19 and Personal Hearing is attended on 27 Feb 20.Waiting for orders from Honourable High Court .

(iii) The company has received Entry Tax Assessment orders on 19 February 2018 passed by Commercial Tax Officer, Saroor Nagar Circle (adjudicating authorities) demanding Entry tax on the goods (namely furnace oil and networking cables) purchased from outside the State of Telangana for the Financial years 2013-14 to FY 2015 -16 for an amount of ₹ 11.27 and Company has filed an appeal with Appellate Joint Commissioner (ST) “Appellate Authorities” on 21 March 2018 on the grounds that said goods are inputs and are excluded from levy of Entry Tax. Personal hearing before the Appellate authorities was concluded on 9 May 2018. Order is yet to be issued by the Appellate Authorities.

Under the same grounds, the Company has received Entry Tax Assessment orders on 28 October 2019 for the period of Apr-18 to Jun-18 for an Amount of Rs. 1.13 and Company has filed an appeal with Appellate Joint Commissioner (ST) “Appellate Authorities” on 22 November 2019. Personal hearing before the Appellate authorities was concluded on 27 Dec 2019. Order is yet to be issued by the Appellate Authorities.

Demand notice is received in the month of september 2020 intimating the dismissal of appeal and recovery of tax arrears .A letter was submitted on 4 Nov 20 requesting not to initiate recovery proceedings pending receipt of the Order. Upon obtaining Order copies from the Officer the Company intends to file an Appeal against this Order.

(iv) The company has three Non resident Indians on its rolls covered under the definition of International Workers as per the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952. Based on the Government Order, in June 2017, the company suo moto made a payment of provident fund along with the applicable interest rates.

However, on April 25, 2018, the Company received a notice from the Department stating that from the period 01 April 1996 to 31 March 2018, the Company had delays in deposit of Provident fund amount and accordingly, charged interest and damages under Section 14B and Section 7Q of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 to the extent of Rs 131.51 and Rs 218.91 for interest and damages respectively.

The Company has represented the case stating that interest payments were made appropriately. The PF authorities took the such interest payment on record and gave a corrigendum stating the same.

The Company is still contesting the damages payment of ₹ 218.91. The company during the year addressed a letter dated October 22, 2020 to the RPFC, requesting it to refrain from taking any such coercive action against the company and reserved its right to exercise its rights and remedies under law. However, since no presiding officer had been appointed for hearing matters before the Central Government Industrial Tribunal (“CGIT”) at that time, the company filed the present writ petition bearing Writ Petition No. 19867 of 2020 against the RPFC for the setting aside of the Impugned Order as being arbitrary, illegal and violative of Article 14 of the Constitution of India.The matter was listed on November 19, 2020, wherein, the High Court passed an interim order granting a stay on the Impugned Order. However, as on date, there is no further order with regard to the said damages.Apart from the proceedings before the High Court of Telangana, an appeal was also filed by the Client challenging the Impugned Order before the CGIT under Section 7-I of the EPF Act.The matter was listed for admission on April 26, 2021. The CGIT, vide, an order passed on April 26, 2021, observed that the present appeal was admitted subject to the final order passed by the High Court of Telangana. The said order held that the application for stay as filed by the Client would be considered upon obtaining such a final order

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

(v) During the previous years the Company has received a demand from income tax authorities relating to financial year 2015-16 regarding certain disallowances in the income tax return of that year. The Company has filed an appeal and is pending hearing.

(vi) The Company has litigations under Maharashtra Value Added Tax ('MVAT') Act, 2002 and Central Sales Tax ('CST') Act, 1956 for the years 2009-10 to 2016-17, and for the quarter 1 April 2017 to 30 June 2017. For the years 2009-10 to 2013-14, the Company is in appeal before the Maharashtra Sales Tax Tribunal and for the years 2014-15 to 30 June 2017, the Company is in appeal before the Joint Commissioner (Appeals). The issue pertains to eligibility of refund of Input Tax Credit ('ITC) under MVAT Act.

The tax authorities have raised objection that transfer of deliverables (technical know-how) to the Customer of the Company is a service and not sale of goods. Therefore, the tax authorities at the first level have disallowed ITC and rejected the claim of refund of unutilised ITC of the Company. However, in this regard, the Company believes that transfer of deliverables to the Customer is sale of goods and the Company is eligible for ITC and the refund of unutilized ITC

(vii) The Company is subject to various legal proceedings and claims, which have arisen in the ordinary course of business including litigation pending before various tax authorities, including those mentioned in above points. The uncertainties and possible refunds are dependent on the outcome of different legal processes, which have been invoked by the claimants or the Company, as the case may be, and therefore cannot be accurately predicted . The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes. Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision is required.

43. Amounts incurred on research and development expenses

The Department of Scientific and Industrial Research, Government of India, has recognised the Company’s in-house Research and Development ("R&D") units and an order of approval under Section 35(2AB) of Income-tax Act, 1961, has been granted vide their letter dated 18 December 2013. The approval was valid up to 31 March 2021.

The Company's units have been accorded renewal of inhouse R&D by the Department of Scientific and Industrial Research valid till 31 March 2021 vide letter dated 27 April 2018. The Company has submitted the Form 3CK application with the Department of Scientific and Industrial Research on 12 March 2019 seeking approval for recognition as inhouse R&D unit for the purposes of Section 35(2AB) for next three years. The Company was eligible for a weighted deduction of 100% on revenue expenditure incurred and capital items procured for Research and Development under Section 35(2AB) of the Income-tax Act, 1961 for the year ended March 31, 2020. During the year, the Company elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company would not be eligible for weighted deduction on revenue expenditure incurred and capital items procured for Research and Development under Section 35(2AB) of the Income-tax Act, 1961.The research and development expenditure (revenue and capital) incurred during the year ended March 31, 2021 is Rs. 1,057.48 lakhs. Details of such expenditure for the year ended March 31, 2020 claimed for weighted average deduction is as under:

	For the year ended	
	31 March 2021	**31 March 2020**
Expenditure incurred on research and development	-	730.32

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

44. Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro, Small and Medium Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 & 31 March 2019 has been made in the financial statements based on information received and available with the Company. Further, in the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any

	31 March 2021	31 March 2020
The principal amount remaining unpaid to any supplier as at the end of each accounting year*	1,133.33	1,194.20
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

* Includes amounts payable to trade creditors ₹ 840.36 (31 March 2020: ₹ 368.65) and capital creditors ₹ 292.97 (31 March 2020: ₹ 825.55)

This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company. Auditors have placed reliance on the information provided by the management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

45 Leases

Company as a lessee : The Company has lease contracts for land, buildings, vehicles and computers, with lease period varying between 1 to 51 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Lease liabilities

	As at	
	31-Mar-21	**31-Mar-20**
Opening balance	5,422.67	4,553.33
Additions	3,087.87	3,405.30
Delitions	(1,725.74)	-
Accretion of interest	413.41	454.33
Payments	(3,438.22)	(2,990.29)
Closing balance	**3,759.99**	**5,422.67**
Current	1,063.99	2,571.33
Non-current	2,696.00	2,851.34

Amount recognised in Statement of Profit and Loss

Particulars	For the year ended	
	31-Mar-21	**31-Mar-20**
Depreciation: Right-of-use assets	2,925.42	1,892.64
Finance cost: Interest on lease liabilities	413.41	410.11
Short term and variable lease payments (Refer note below)	84.66	80.63

Note: The Company applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Amount recognised in Statement of Changes in Equity

Particulars	For the year ended	
	31-Mar-21	**31-Mar-20**
Cash outflows for leases		
Interest portion of lease liabilities	413.41	454.33
Principal portion of lease liabilities	3,024.81	2,535.96

46. Ind AS 116

Effective 1 April 2019, the Company adopted Ind AS 116 - “Leases”, which sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires Lessees to account for leases in a manner similar to accounting for finance leases under erstwhile Ind AS 17. The Company adopted Ind AS 116 using the full retrospective method.

The Company has discounted lease payments using the incremental borrowing rate for measuring the lease liability. The Company has applied the below practical expedients:

i)The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"

ii)The Company has not applied the requirements of Ind AS 116 for leases of low value assets.

iii)The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

iv) The Company has used a portfoilio approach and elected not to separate the lease and non-lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

47 The Scheme of Arrangement ("the Scheme") between the Company, Sai Quest Syn Private Limited ("Transferor Company") and their respective shareholders and creditors, was approved by the National Company Law Tribunal, vide its order dated 18 August 2020. The appointed date of the Scheme was
1 May 2019 and the Scheme became effective on 22 September 2020, the date on which all the requirements under the Companies Act, 2013 have been complied. Pursuant to the Scheme, the Company acquired certain assets and liabilities from Sai Quest Syn Private Limited on the appointed date of the Scheme. The same was accounted in the books of accounts in the previous year.

Assets acquired and liabilities recognised : **31-Mar-20**

Particulars	**Amount**
Current assets	32.55
Non-current assets	0.05
Total assets (A)	**32.60**

Particulars	**Amount**
Current liabilities	9.22
Total liabilities (B)	**9.22**

Net assets (C) = (A) - (B)	**23.38**

Consideration issued:	**Amount**
10,20,000 Equity Share of Rs 10 each	102.00
4,80,000 Compulsory Convertible Preference Shares of Rs 10 each, Rs. 8.06 partly paid (refer note (i) below)	38.42
6,00,000 Optionally Convertible Preference Share of Rs 10 each, Rs. 8.06 partly paid (refer note (ii) below)	48.03
Total (D)	**188.45**

Excess of consideration issued over net assets acquired has been adjusted in retained earnings (E) = (D)-(C)	**165.07**

Notes:

(i) Each Compulsory Convertible Preference Shares (CCPS) shall be converted into 1 (One) fully paid-up equity share of Rs. 10 each during the period of four years starting for April 2020. Each CCPS should be fully paid up at the time of conversion of such CCPS into equity shares.

(ii) Each Optionally Convertible Preference Shares (OCPS) shall be converted into 1 (One) fully paid-up equity share of Rs. 10 each during the period of five years which can be exercised as and when the occurrence of the agreed event is completed. Each partly paid-up OCPS, shall be treated as fully paid-up preference shares on payment of Rs. 1.94 per preference share. In case if the OCPS are not converted into equity shares, the said OCPS will stand redeemable at the end of five years from the date of issuance of such OCPS at face value subject to terms agreed between the parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

48. Additional disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the Schedule III to the Act*

Name of the entity	As at 31 March 2021		For the year ended 31 March 2021					
	Net assets (i.e., total assets-total liabilities)		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total Other Comprehensive Income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated OCI	Amount	As % of Consolidated Total OCI	Amount
Parent								
Sai Life Sciences Limited	100.53%	86,751.90	106.88%	6,530.40	108.29%	438.09	106.97%	6,968.49
Subsidiaries								
Sai Life Sciences Inc	5.49%	4,741.77	-6.74%	(411.78)	0.00%	-	-6.32%	(411.78)
Sai Life Pharma Private Limited	1.32%	1,137.71	-0.13%	(7.96)	0.00%	-	-0.12%	(7.96)
Sai Life Drugform Private Limited	0.00%	0.25	-0.01%	(0.54)	0.00%	-	-0.01%	(0.54)
Non-controlling interest	-	-	-	-	-	-	-	-
Total	**107.34%**	**92,631.63**	**100.00%**	**6,110.12**	**108.29%**	**438.09**	**100.51%**	**6,548.21**
Consolidation adjustments	-7.34%	(6,336.49)	0.00%	-	-8.29%	(33.54)	-0.51%	(33.54)
Net amount	**100.00%**	**86,295.14**	**100.00%**	**6,110.12**	**100.00%**	**404.55**	**100.00%**	**6,514.67**

Name of the entity	As at 31 March 2020		For the year ended 31 March 2020					
	Net assets (i.e., total assets-total liabilities)		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total Other Comprehensive Income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated OCI	Amount	As % of Consolidated Total OCI	Amount
Parent								
Sai Life Sciences Limited	100.00%	79,441.84	105.00%	8,014.29	105.99%	(441.22)	104.94%	7,573.07
Foreign subsidiary								
Sai Life Sciences Inc	1.42%	1,129.60	-4.93%	(376.23)	-14.70%	61.21	-4.37%	(315.02)
Sai Life Pharma Private Limited	1.44%	1,145.67	-0.07%	(5.33)	0.00%	-	-0.07%	(5.33)
Sai Life Drugform Private Limited	0.00%	0.79	0.00%	(0.20)	0.00%	-	0.00%	(0.20)
Non-controlling Interest	-	-	-	-	-	-	-	-
Total	**102.87%**	**81,717.90**	**100.00%**	**7,632.53**	**91.29%**	**(380.01)**	**100.50%**	**7,252.52**
Consolidation adjustments	-2.87%	(2,279.01)	0.00%	-	8.71%	(36.26)	-0.50%	(36.26)
Net amount	**100.00%**	**79,438.89**	**100.00%**	**7,632.53**	**100.00%**	**(416.27)**	**100.00%**	**7,216.26**

The above disclosure represents separate information for the consolidated entity before elimination of inter–company transactions. The net impacts on elimination of inter–company transactions/profits/consolidation adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under requirements of the Act.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

49 During the financial year, the company's business operations were impacted by the global health pandemic from COVID-19 (COVID-19) and the lockdown restrictions. COVID-19 is the infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. Our operations in India come under the jurisdictions of three States Telangana, Karnataka and Maharashtra. The revenue generation for the first quarter was constrained on account of the lockdown regulations and the number of employees who were allowed to function by the local authorities which varied based on the situation in the respective States. Further the Company planned to consolidate its operations from the rental facilities in Pune, Maharashtra to its location in Hyderabad, Telangana and had completed the expansion plans (including ramping up headcount) to accommodate the consolidation during the 3rd quarter of the financial year. However, the consolidation could not be completed on account of the pandemic and the Company continue to incur rental costs in Pune and additional employee costs in Hyderabad. As part of the overall strategy, Company adopted measures to protect and safeguard the health of employees. The cost of operations during the year increased on account of additional costs due to the restrictions imposed by the regulators and in mitigating and safeguarding the health risks of the employees

50 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come in to effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

51 Approval of financial statements

The financial statements were approved by the Board of Directors on 02 September 2021.

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

K.Ranga Raju
Director
DIN No: 00043186
Place: Hyderabad
Date: 02 September 2021

Krishnam Raju
Managing Director
DIN No: 00064614
Place: Boston
Date: 02 September 2021

Sivaramakrishnan Chittor
Chief Financial Officer
Place: Hyderabad
Date: 02 September 2021

Runa Karan
Company Secretary
Membership No.: A13721
Place: Hyderabad
Date: 02 September 2021

SAI LIFE SCIENCES LIMITED
CIN: U24110TG1999PLC030970
Regd. Office: Plot No. DS-7, IKP Knowledge Park, Turkapally (V), Shameerpet Mandal, Medchal-Malkajgiri Dist, Hyderabad - 500078, Hyderabad,Telangana, India.

ATTENDANCE SLIP
22nd ANNUAL GENERAL MEETING
30th September, 2021 AT 10.30 AM (IST)

DP Id.		Name & Address of the registered Shareholder
Client Id/Regd. Folio No.		
No.of Shares held		

I certify that I am a member / proxy for the member of the Company.
I hereby record my presence at the 22nd Annual General Meeting of Sai Life Sciences Limited being held on Thursday, the 30th day of September, 2021 at 10.30 AM (IST) at the Registered Office situated at Plot No. DS-7, IKP Knowledge Park, Turkapally Village, Shameerpet Mandal, Medchal-Malkajgiri District, - 500078, Hyderabad,Telangana, India.

Member's/Proxy's Signature

Note: Please complete this and hand it over at the entrance of the hall.

Form No. MGT – 11

PROXY FORM

[Pursuant to section 105(6) of the Company Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN :			
Name of the Company :			
Registered Office :			
Name of the member (s) :			
Registered address :			
E-Mail Id :			
Folio No/ Client Id :		DP ID	

I/We, being the member (s) of………………………………… Shares of the above named company, hereby appoint

1	NAME			
	Address			
	E -Mail Id		Signature	
	or failing him			
2	NAME			
	Address			
	E -Mail Id		Signature	
	or failing him			
3	NAME			
	Address			
	E -Mail Id		Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Thursday, the 30th day of September, 2021 at 10.30 AM (IST) at the Registered Office of the Company situated at Plot No. DS-7, IKP Knowledge Park, Turkapally Village, Shameerpet Mandal, Medchal-Malkajgiri District-500078,Hyderabad,Telangana, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1.	2.	3.	4.

Signed this ……………………….. Day of …………………..2021

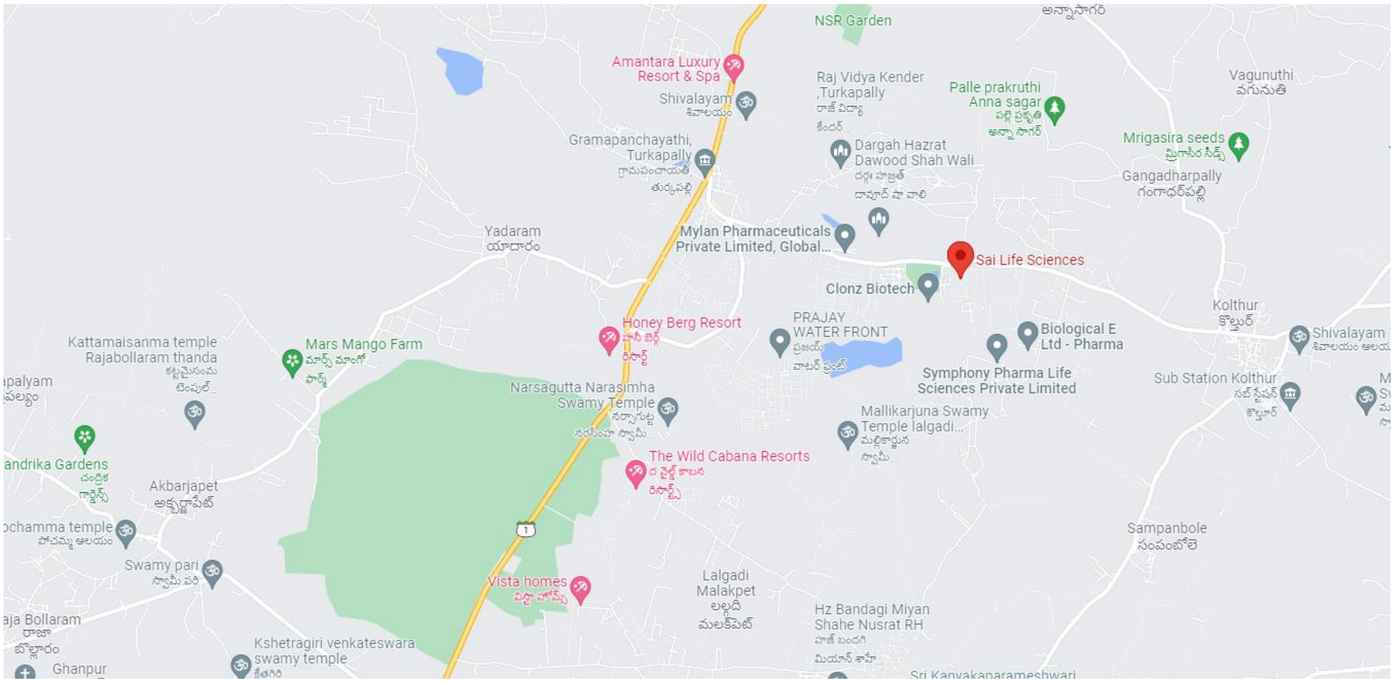
Affix Revenue Stamp

Signature of shareholder : ______________________________

Signature of Proxy holder (s) : ______________________________

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Route Map


NSR Garden
Amantara Luxury Resort & Spa
Shivalayam
Raj Vidya Kender ,Turkapally
Palle prakruthi Anna sagar
Vagunuthi
Gramapanchayathi, Turkapally
Dargah Hazrat Dawood Shah Wali
Mrigasira seeds
Gangadharpally
Yadaram
Mylan Pharmaceuticals Private Limited, Global...
Sai Life Sciences
Clonz Biotech
Kolthur
Honey Berg Resort
PRAJAY WATER FRONT
Biological E Ltd - Pharma
Shivalayam
Kattamaisanma temple Rajabollaram thanda
Mars Mango Farm
Symphony Pharma Life Sciences Private Limited
Sub Station Kolthur
Narsagutta Narasimha Swamy Temple
Mallikarjuna Swamy Temple lalgadi...
Akbarjapet
The Wild Cabana Resorts
Swamy pari
Sampanbole
Vista homes
Lalgadi Malakpet
Hz Bandagi Miyan Shahe Nusrat RH
Kshetragiri venkateswara swamy temple
Ghanpur