S R B C & CO LLP
Chartered Accountants

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29 Senapati Bapat Marg
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INDEPENDENT AUDITOR'S REPORT

To the Members of Alivira Animal Health Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Alivira Animal Health Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us , the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other 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 (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report but does not include the 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 such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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 Responsibilities 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 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 with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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- 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.

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 the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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(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 – Refer Note 42 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per **Vikas Kumar Pansari**
Partner
Membership Number: 093649
UDIN: 21093649AAAACD9556

Place of Signature: Mumbai
Date: June 30, 2021

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Alivira Animal Health Limited ('the Company')

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management and audit procedures performed by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) The Company has granted loan to a party covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan are not prejudicial to the company's interest.

(b) The Company has granted loan and interest thereon is re-payable on demand, to a company covered in the register maintained under section 189 of the Companies Act, 2013. We are informed that the company has not demanded repayment of any such loan or interest during the year other than partial conversion of loan into equity, and thus, there has been no default on the part of the company to whom the money has been lent.

(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of animal health products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

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

(b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

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(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to bank. The Company did not have any outstanding dues in respect of a financial institution, government or debenture holders during the year.

(ix) In our opinion and according to information and explanations given by the management, monies raised by the company by way of term loans were applied for the purpose for which they were raised. Further, according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments.

(x) As more fully explained in note 54 to the standalone financial statements, the management detected certain employees of the Company had not adhered to the Company's accounting policy for revenue recognition and carried out modification to certain underlying documents related to revenue, with an objective of early revenue recognition in the current year including interim periods. Based on the detailed examination of transactions, the Company has identified sales aggregating Rs. 326.46 million which were recognized on dates earlier to those allowed by the Company's revenue recognition policy, although within the current financial year and transactions aggregating Rs. 76.54 million pertaining to next financial year are accordingly deferred in the standalone financial statements.

(xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per **Vikas Kumar Pansari**
Partner
Membership Number: 093649
UDIN: 21093649AAAACD9556

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Place of Signature: Mumbai
Date: June 30, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ALIVIRA ANIMAL HEALTH LIMTED

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

We have audited the internal financial controls with reference to standalone financial statements of Alivira Animal Health 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 ("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 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 with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls With Reference to Standalone Financial Statements

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

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Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, in our opinion, the following material weakness have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting with reference to these standalone financial statements as at March 31, 2021:

The Company did not have appropriate internal control system for fraud prevention and detection for revenue recognition and internal control over revenue, as evidenced by instances of certain non-adherences of the Company's revenue recognition policy and instances of modifications to certain underlying documents, resulting in early revenue recognition, which could potentially result in material misstatement in Revenue and Profit from Operations.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to standalone financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has, in all material respects, maintained internal financial controls with reference to standalone financial statements as of March 31, 2021, 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 issued by ICAI.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by ICAI, as specified under Section 143(10) of the Act, the standalone financial statements of Alivira Animal Health Limited, which comprise the Balance Sheet as at March 31, 2021, and the related Statement of Profit and Loss , including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at March 31, 2021 and this report does not affect our report dated June 30, 2021, which expressed an unqualified opinion on those standalone financial statements.

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

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

per Vikas Kumar Pansari
Partner
Membership Number: 093649
UDIN: 21093649AAAACD9556

Place of Signature: Mumbai
Date: June 30, 2021

Alivira Animal Health Limited
Balance Sheet as at 31 March 2021
All amounts are in Rs. million unless otherwise stated

	Notes	As at 31 March 2021	As at 31 March 2020
A. ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	3	1,438.71	1,558.47
(b) Capital work-in-progress		225.18	8.64
(c) Goodwill	4	68.89	68.89
(d) Intangible assets	5	18.20	64.50
(e) Financial assets			
(i) Investments in subsidiary	6	3,562.63	2,893.31
(ii) Loans	7	1,254.19	306.80
(iii) Other financial assets	8	21.78	704.12
(f) Deferred tax assets (net)	9	133.64	83.60
(g) Income tax assets (net)	9A	39.44	-
(h) Other non-current assets	10	4.13	8.38
Total non-current assets		**6,766.79**	**5,696.71**
2 Current assets			
(a) Inventories	11	682.45	461.03
(b) Financial assets			
(i) Investments	12	-	151.33
(ii) Trade receivables	13	837.11	1,005.97
(iii) Cash and cash equivalents	14	13.54	109.93
(iv) Bank balances other than (iii) above	15	21.17	68.33
(v) Other financial assets	16	80.70	71.34
(c) Other current assets	17	112.82	153.52
Total current assets		**1,747.79**	**2,021.45**
Total Assets		**8,514.58**	**7,718.16**
B. EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	18	477.76	477.76
(b) Other equity	19	4,474.49	4,169.79
Total equity		**4,952.25**	**4,647.55**
II Liabilities			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	2,207.81	1,487.05
(ii) Other financial liabilities	21	119.06	123.15
(b) Provisions	22	42.37	52.34
(c) Other non-current liabilities	23	0.63	1.20
Total non-current liabilities		**2,369.87**	**1,663.74**
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	380.96	489.45
(ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprise	25	38.97	11.90
Total outstanding dues of creditors other than micro enterprises and small enterprises		674.93	489.42
(iii) Other financial liabilities	26	23.02	329.05
(b) Provisions	27	28.15	5.52
(c) Current tax liabilities (net)	28	-	30.03
(d) Other current liabilities	29	46.43	51.50
Total current liabilities		**1,192.46**	**1,406.87**
Total liabilities		**3,562.33**	**3,070.61**
Total Equity and Liabilities		**8,514.58**	**7,718.16**

Significant accounting policies 2
The accompanying notes are integral part of these financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number: 324982E / E300003

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Per Vikas Kumar Pansari
Partner
Membership No: 93649

Mumbai, 30 June 2021

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Manish Gupta
Managing Director &
Chief Executive Officer
DIN: 06805265

Sharat Narsapur
Joint Managing Director
DIN: 02808651

Tushar Mistry
Chief Financial Officer

ALIVIRA ANIMAL HEALTH LTD.

Abhishek Joshi
Company Secretary
Membership No: A61862

Alivira Animal Health Limited
Statement of Profit and Loss for year ended 31 March 2021
All amounts are in Rs. million unless otherwise stated

		Notes	Year ended 31 March 2021	Year ended 31 March 2020
1	Revenue from operations	30	4,233.60	3,909.12
2	Other income	31	127.04	128.00
3	**Total income (1+2)**		**4,360.64**	**4,037.12**
4	**Expenses**			
	(a) Cost of materials consumed	32.a	1,110.41	883.36
	(b) Purchases of stock-in-trade	32.b	1,467.95	1,228.59
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	32.c	(214.87)	57.29
	(d) Employee benefits expense	33	508.19	458.93
	(e) Finance costs	34	246.09	265.62
	(f) Depreciation and amortisation expenses	5A	204.11	289.13
	(g) Other expenses	35	723.09	537.28
	Total expenses (4)		**4,044.97**	**3,720.20**
5	**Profit before exceptional items and tax (3-4)**		**315.67**	**316.92**
6	Exceptional item (6)	36	24.35	-
7	**Profit before tax (5-6)**		**291.32**	**316.92**
8	**Tax expense / (credits)**	37		
	(1) Current tax		47.99	57.15
	(2) Deferred tax		(51.25)	(59.82)
	(3) Current tax of earlier periods		(3.46)	-
	Total tax credits (8)		**(6.72)**	**(2.67)**
9	**Profit after tax (7-8)**		**298.04**	**319.59**
10	**Other comprehensive income / (expenses)**	19		
	Items that will not be reclassified to profit or loss			
	(a) Re-measurement gain/(loss) on defined benefit plans		3.47	(1.24)
	(b) Income tax relating to items that will not be reclassified to profit or loss		(1.21)	0.43
	Total other comprehensive income/(expenses) (net of tax) (10)		2.26	(0.81)
11	**Total comprehensive income for the year, net of tax (9+10)**		**300.30**	**318.78**
	Earnings per equity share (Face value of share Rs 10 each)			
	(1) Basic (in Rs.)	38	6.24	6.69
	(2) Diluted (in Rs.)		6.24	6.69
	Significant accounting policies	2		
	The accompanying notes are integral part of these financial statements			

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number: 324982E / E300003

Per Vikas Kumar Pansari
Partner
Membership No: 93649

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Mumbai, 30 June 2021

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Manish Gupta
Managing Director & Chief Executive Officer
DIN: 06805265

Sharat Narsapur
Joint Managing Director
DIN: 02808651

Tushar Mistry
Chief Financial Officer

Abhishek

Abhishek Joshi
Company Secretary
Membership No: A61862

ALIVIRA ANIMAL HEALTH LTD.

Alivira Animal Health Limited
Statement of cash flows for the year ended 31 March 2021
All amounts are in Rs. million unless otherwise stated

		Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from operating activities			
Net Profit before tax and exceptional items		315.67	316.92
Adjustments for:			
Depreciation and amortisation expenses		204.11	289.13
Bad trade receivables written off		-	6.08
Provision for doubtful trade receivables		-	5.86
Provision for trade receivable written back		(0.80)	-
Amortisation of financial guarantee obligations		3.69	9.00
Share based payments to employees		36.68	32.17
Unrealised forex loss / (gain) (net)		2.25	(55.58)
Loss / (Profit) on sale of property, plant and equipment		(0.14)	0.40
Finance costs		246.09	265.62
Corporate guarantee commission		(2.81)	(1.43)
Gain on sale of investments		(5.23)	-
Fair value gain on financial instruments measured at fair value through profit or loss		-	(1.33)
Interest income		(17.65)	(54.93)
Operating profit before working capital changes		**781.86**	**811.91**
Changes in working capital			
Decrease in trade receivables, loans and advances and other assets		154.00	17.66
(Increase) / decrease in inventories		(221.42)	61.20
(Increase) / decrease in margin money and other deposits		62.21	(52.88)
Increase / (decrease) in trade payables, other payables and provisions		185.21	(17.08)
Net change in working capital		**180.00**	**8.90**
Cash generated from operations		**961.86**	**820.81**
Income taxes paid (net)		(114.00)	(32.22)
Net cash generated from operating activities	A	**847.86**	**788.59**
Cash flow from investing activities			
Purchase of property, plant and equipment's and intangible assets		(244.98)	(64.31)
Proceeds from disposal of property, plant and equipment's		1.95	2.64
Purchase of current investments		-	(150.00)
Redemption of mutual funds		156.56	-
Loan given to subsidiary company		(939.08)	(110.92)
Interest received		3.63	4.44
Net cash used in investing activities	B	**(1,021.92)**	**(318.15)**
Cash flow from financing activities			
Repayment of short-term borrowings (net)		(110.69)	(69.91)
Loan received from parent company		1,534.50	-
Payment of principal portion of lease liabilities (Refer 46)		(3.14)	(2.31)
Proceeds from long-term borrowings		-	145.97
Repayments of long-term borrowings		(1,198.91)	(249.56)
Interest and other borrowing costs		(144.09)	(209.31)
Net cash generated from / (used in) from financing activities	C	**77.67**	**(385.12)**
Net increase / (decrease) in cash and cash equivalents during the year	(A+B+C)	**(96.39)**	**85.32**
Cash and cash equivalents at the beginning of the year (refer note 14)		109.93	24.61
Cash and cash equivalents at the end of the year (refer note 14)		**13.54**	**109.93**

Note: The statement of cash flows has been prepared under the indirect method, as set out in Ind AS 7 'Statement of Cash Flows', whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Significant accounting policies (Refer Note 2)

The accompanying notes are integral part of these financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number: 324982E / E300003

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Per Vikas Kumar Pansari
Partner
Membership No: 93649

Mumbai, 30 June 2021

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Manish Gupta
Managing Director &
Chief Executive Officer
DIN: 06805265

Sharat Narsapur
Joint Managing
Director
DIN: 02808651

Tushar Mistry
Chief Financial Officer

Abhishek

Abhishek Joshi
Company Secretary
Membership No: A61862

ALIVIRA ANIMAL HEALTH LTD.

Alivira Animal Health Limited
Statement of Changes in Equity (SOCIE) for the year ended 31 March 2021
All amounts are in Rs. million unless otherwise stated

(a) Equity share capital

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	47,776,470	477.76	47,776,470	477.76
Issued during the year	-	-	-	-
Balance at the end of the year	**47,776,470**	**477.76**	**47,776,470**	**477.76**

(b) Other equity

	Reserves & Surplus (note 19)					
	Securities premium account	Retained earnings	General Reserve	Other reserves	Share options outstanding account	Total
Opening balance as on 01 April 2019	4,230.73	(520.30)	0.46	16.15	79.98	3,807.02
Transition impact of Ind AS 116 Leases	-	2.82	-	-	-	2.82
Restated as at 01 April 2019	**4,230.73**	**(517.48)**	**0.46**	**16.15**	**79.98**	**3,809.84**
Profit for the year	-	319.59	-	-	-	319.59
Other comprehensive expenses for the year, net of income tax	-	(0.81)	-	-	-	(0.81)
Total comprehensive income for the year	-	**318.78**	-	-	-	**318.78**
Recognition of share-based payments charged by parent	-	-	-	-	32.17	32.17
Guarantee given by parent company on loans availed	-	-	-	10.55	-	10.55
Vested ESOP lapsed during the year	-	-	51.56	-	(51.56)	-
Fair value of Corporate Guarantee	-	(1.55)	-	-	-	(1.55)
Balance as at 31 March 2020	**4,230.73**	**(200.25)**	**52.02**	**26.70**	**60.59**	**4,169.79**
Opening balance as on 01 April 2020	**4,230.73**	**(200.25)**	**52.02**	**26.70**	**60.59**	**4,169.79**
Profit for the year	-	298.04	-	-	-	298.04
Other comprehensive income for the year, net of income tax	-	2.26	-	-	-	2.26
Total comprehensive income for the year	-	**300.30**	-	-	-	**300.30**
Recognition of share-based payments charged by parent	-	-	-	-	0.71	0.71
Guarantee given by parent company on loans availed	-	-	-	5.09	-	5.09
Vested ESOP lapsed during the year	-	-	0.71	-	(0.71)	-
Fair value of Corporate Guarantee	-	(1.40)	-	-	-	(1.40)
Balance as at 31 March 2021	**4,230.73**	**98.65**	**52.73**	**31.79**	**60.59**	**4,474.49**

The accompanying notes are integral part of these financial statements

Significant accounting policies (Refer Note 2)

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number: 324982E / E300003

Per Vikas Kumar Pansari
Partner
Membership No: 93649
Mumbai, 30 June 2021

S R B C & CO LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Manish Gupta
Managing Director &
Chief Executive Officer
DIN: 06805265

Sharat Narsapur
Joint Managing Director
DIN: 02808651

Tushar Mistry
Chief Financial Officer

Abhishek

Abhishek Joshi
Company Secretary
Membership No: A61862

ALIVIRA ANIMAL HEALTH LTD. ★

1. CORPORATE INFORMATION

Alivira Animal Health Limited (the "Company") is a Company incorporated and domiciled in India and has its registered office located at 301, 3rd Floor, Dosti Pinnacle, Plot No. E7 Road No. 22, Wagle Industrial Estate, Thane (W), Maharashtra - 400604, India. The Company is an integrated veterinary Active Pharmaceutical Ingredient (API) and Finished dosage formulations.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

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

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for

- Share based payment transaction as defined in Ind AS 102 – Share based payment.
- Leasing transaction as defined in Ind AS 116 – Leases.
- Measurement that has some similarities to fair value but are not fair value, such as 'Net Realisable Value' as defined in Ind AS 2 – Inventories and value in use as defined in Ind AS 36- Impairment of Assets.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest million (up to two decimals), except otherwise stated.

2.4 Significant Accounting Policies

(i) Revenue recognition

Sale of good

Revenue from sale of products is presented in the income statement within Revenue from operations. The Company presents revenue net of indirect taxes in its statement of profit and loss. Sale of products comprise revenue from sales of products, net of sales returns, rebates, incentives, and customer discounts.

Revenue is recognized when the Company transfers control over the product to the customers; control of a product refers to the ability to direct the use of and obtain substantially all of the remaining benefits from that asset. Performance obligations are satisfied at one point in time, typically on delivery. Most of the revenue earned by the Company is derived from the satisfaction of a single performance obligation for each contract which is the sale of products.

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ALIVIRA ANIMAL HEALTH LTD.

Sales are measured at the fair value of consideration received or receivable. The amounts of rebates / incentives are estimated and accrued on each of the underlying sales transactions recognized. Returns and customer discounts are recognized in the period in which the underlying sales are recognized. The number of sales returns is calculated on the basis of management's best estimate of the amount of product that will ultimately be returned by customers.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the said earned consideration.

Contract liabilities

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

Services

Income is recognised when the services are completed as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

Export entitlements income

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Interest and dividend income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

(ii) Leases

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

Company as a lessee

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

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the of the lease term.
If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment. Refer to the accounting policies (xii) Impairment of non-financial assets. Below table mentions

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Nature of the Assets	Lease term
Buildings	20-99
Land	80-99

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Foreign currency transactions and translation

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss in the year in which it arises.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.
Exchange difference on capital expenditure is capitalised only to the extent attributable to borrowing costs and balance is charged to the standalone statement of profit and loss.

(iv) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or erection of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

(v) Employee Benefits

a. Defined Contribution Plans:

The Company has defined contribution plans for post-employment benefits in the form of provident fund which is administered through Government of India. Provident fund is classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The company's contributions to defined contribution plans are charged to the statement of profit and loss as and when employee renders related service.

b. Defined benefit plans

Payments to defined benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's gratuity scheme is in the nature of defined benefit plan.

The gratuity scheme is partly funded by the Company with Life Insurance Corporation of India.

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b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

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

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

No deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate.

Deferred tax relating to items recognised outside the statement of profit or loss is recognised either in other comprehensive income or in equity.

(vii) Property, plant and equipment

a. Recognition and measurement

Property, plant, and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Capital work in process is stated at cost net of accumulated impairment cost if any.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are recognized and depreciated separately.

Depreciation is recognised to write off the cost of assets (other than freehold land) less their residual values, using the straight-line method, over the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful life estimated on technical assessment, past trends and differ from those provided in Schedule II of the Companies Act, 2013.

Nature of the Assets	Useful life in years
Buildings	10-60
Furniture and fixtures	5-10
Office equipment's	2-5
Computers	1-6
Plant and machinery	1-15
Vehicles	8

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For defined benefit plans, the cost of providing benefit is determined using projected unit credit method, with actuarial valuation being carried out at the end of each financial year. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement gain / (loss).

The Company presents the service cost of defined benefit plan in the line item 'Employee benefits expense' and the net interest expense or income in the line item 'Finance costs' of the statement of profit and loss. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term employee benefits

A liability is recognised for short-term employee benefit obligations in respect of wages and salaries, medical and leave travel in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Other employee benefits

Other employee benefits comprise of leave encashment, which is provided for, based on the actuarial valuation carried out as at the end of the year. Liabilities recognised in respect of other employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

(vi) Taxation

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Provision for current tax is made at the rate of tax as applicable for the income of the previous year as defined under Income Tax Act,1961.

Minimum Alternate Tax ('MAT') paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and asset can be measured reliably.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

The Company applies significant judgement in identifying uncertainties over income tax treatments. The Company reflects the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

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ALIVIRA ANIMAL HEALTH LTD.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates are accounted for on a prospective basis.

Depreciation on additions / deletions to property, plant and equipment is provided prorate from the month of addition / till the month of deletion.

b. Subsequent costs

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

c. Derecognition of Property, Plant & Equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

(viii) Intangible assets

a. Intangible assets acquired separately

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognised on straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis. Cost includes any directly attributable incidental expenses necessary to make the assets ready for use.

b. Internally-generated intangible asset - Research and Development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from development is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

c. Useful lives of intangible assets

Estimate useful lives of the intangible assets are as follow:

Nature of the Assets	Useful life in years
Marketing rights	5
Intellectual property rights	5
Software	3-5

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d. Subsequent costs

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated intangibles, are recognised in the statement of profit and loss as incurred.

e. Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit and loss.

(ix) Inventories

Inventories are valued at the lower of cost and net realizable value.

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on First in First out basis (FIFO) as follows:

(i) Raw materials, packing materials and fuel: At actual purchase cost including other cost incurred in bringing materials / consumables to their present location and condition.

(ii) Work in process and Intermediates: At material cost, conversion costs and appropriate share of production overheads based on normal capacity.

(iii) Finished goods: At material cost, conversion costs and an appropriate share of production overheads based on normal capacity.

(iv) Stock-in-trade: At purchase and other costs incurred in bringing the inventories to their present location and condition.

However, materials and other items held for use in production of inventory are not written down below cost, if the finished product in which they will be used are expected to be sold at or above cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(x) Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are not recognized but are disclosed in the notes to financial statements when economic inflow is probable.

(xi) Financial instruments

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

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Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

All financial instruments are initially measured at fair value. Transaction costs that are attributable to the acquisition or issue of the financial asset and financial liabilities (other than financial assets recorded at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate, on initial recognition. Transaction cost directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI and fair value through profit and loss account (FVTPL), non-derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

a) Non-derivative financial assets

(i) Financial assets at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) 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.

Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate ('EIR') method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

(ii) Equity instruments at fair value through other comprehensive income (FVTOCI)

All equity instruments other than investments in subsidiaries are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI. There is no recycling of the amount from OCI to the statement of profit and loss, even on sale of the instrument. However, the Company may transfer the cumulative gain or loss within the equity.

(iii) Financial assets at fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets included within the FVTPL category are measured at fair values with all changes in the statement of profit and loss.

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(iv) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or the financial assets is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new assets obtained less any new liability assumed) shall be recognised in the statement of profit and loss except for debt and equity instruments carried through FVTOCI which shall be recognised in OCI.

b) Non-derivative financial liabilities

(i) Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the EIR method.

(ii) Financial liabilities at Fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL are measured at fair value with all changes recognised in the statement of profit and loss.

c) Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities. Derivatives are recognized and measured at fair value. Attributable transaction cost are recognized in the statement of profit and loss.

d) Derecognition of financial Liabilities

The Company derecognises financial liabilities only when the obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit and loss.

(xii) Impairment

Financial assets

In accordance with Ind AS 109 – Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

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

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;

(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the statement of profit and loss. This amount is reflected under the head other expenses in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivable:
ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use.
Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels into cash generating units for which there are separately identifiable cash flows.

An impairment loss recognised in prior years are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is 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 had been recognised in previous years.

(xiii) Earnings per share

Basic EPS is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

(xiv) Cash and cash equivalents

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

(xv) Share-based compensation

Employee stock option schemes of holding company Sequent Scientific Employees Stock Option Plan 2010 (the Scheme) provides for grant of equity shares of SeQuent Scientific Limited (the holding company) to employees of the Company.
Pursuant to Ind AS 102 'Share-based Payment', the Company recognises an expense based on the fair value of the stock options as at grant date. The expenses are amortised over the vesting period. The corresponding credit is given to equity because the award represents in substance equity contribution by the Parent Company. The cumulative expense recognised for stock options at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

(xvi) Fair value measurement

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(xvi) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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

The Company classifies all other liabilities as non-current.

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

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

(xvi) Exceptional Items

Exception items include income or expense that are considered to be part of ordinary activities, however, are of such significance and nature that separate disclosure enables the user of Financial Statements to understand the impact in a more meaningful manner. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the Company.

2.A Use of estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

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1. Useful life of property, plant and equipment and intangible assets

The useful life of the assets is determined in accordance with Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that or is not prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance.

2. Impairment

An impairment loss is recognised for the amount by which an asset's / investments or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected discounted future cash flows from each asset or cash-generating unit.

3. Deferred Tax

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

4. Fair Value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5. Post-retirement benefit plans

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions which include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds.

6. Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of financial year.

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3 Property, plant and equipment

Cost	Buildings	Furniture & fixtures	Office equipment's	Computers	Plant & machinery	Vehicles	ROU- Land	ROU- Buildings	Total
Balance as on 31 March 2019	**513.76**	**8.30**	**7.53**	**10.30**	**1,141.34**	**7.98**	-	-	**1,689.21**
Transition impact of Ind AS 116 Leases	-	-	-	-	-	-	453.70	77.33	531.03
Balance as on 01 April 2019	**513.76**	**8.30**	**7.53**	**10.30**	**1,141.34**	**7.98**	**453.70**	**77.33**	**2,220.24**
Additions	27.60	1.64	0.34	1.77	31.76	-	-	-	63.11
Deletions	-	-	-	0.04	6.45	2.55	-	-	9.04
Balance as on 31 March 2020	**541.36**	**9.94**	**7.87**	**12.03**	**1,166.65**	**5.43**	**453.70**	**77.33**	**2,274.31**
Additions	12.89	0.49	0.09	4.72	21.09	-	-	-	39.28
Deletions	-	0.38	0.48	1.85	4.84	0.87	-	-	8.42
Balance as on 31 March 2021	**554.25**	**10.05**	**7.48**	**14.90**	**1,182.90**	**4.56**	**453.70**	**77.33**	**2,305.17**

Accumulated depreciation	Buildings	Furniture & Fixtures	Office equipment's	Computers	Plant & machinery	Vehicles	ROU- Land	ROU- Buildings	Total
Balance as on 01 April 2019	**83.02**	**3.47**	**5.31**	**7.32**	**464.34**	**2.64**	-	-	**566.10**
Depreciation expense for the year (refer note 5A)	21.10	0.82	1.19	1.73	117.17	0.99	5.00	7.74	155.74
Deletions	-	-	-	0.02	4.22	1.76	-	-	6.00
Balance as on 31 March 2020	**104.12**	**4.29**	**6.50**	**9.03**	**577.29**	**1.87**	**5.00**	**7.74**	**715.84**
Depreciation expense for the year (refer note 5A)	22.23	1.15	0.62	2.26	117.33	0.89	5.00	7.73	157.21
Deletions	-	0.38	0.48	1.72	3.17	0.87	-	-	6.61
Balance as on 31 March 2021	**126.35**	**5.06**	**6.64**	**9.57**	**691.45**	**1.89**	**10.00**	**15.47**	**866.43**

Carrying amount	Buildings	Furniture & Fixtures	Office equipment's	Computers	Plant & Machinery	Vehicles	ROU- Land	ROU- Buildings	Total
Balance as on 31 March 2020	437.24	5.65	1.37	3.00	589.36	3.56	448.70	69.59	**1,558.47**
Balance as on 31 March 2021	427.90	4.99	0.84	5.33	491.45	2.67	443.70	61.86	**1,438.73**

Notes:

i) Title deeds of all the immovable properties are held in the name of the Company.
ii) Refer note 20 and 24 for charge created on the assets.
iii) Refer note 42 for capital commitments.

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4 Goodwill

4.1 Allocation of goodwill to cash-generating units
Goodwill has been ellocated for impairment testing purposes to the following cash-generating units. The carrying amount of goodwill ellocated to cash-generating units is as follows:

	As at 31 March 2021	As at 31 March 2020
Lyka Business	33.85	33.85
Veterinary Formulation Division	35.04	35.04
Total	68.89	68.89

Goodwill is monitored by the management of the Company at each cash-generating unit (CGU).The Company tests Goodwill for impairment on an annual basis. The recoverable amounts have been determined based on value in use calculations which uses cash flow projections based on financial budgets covering a period of five years. The planning horizon reflects the assumptions for short to mid-term market developments. The key assumptions used for the calculations are as follows:

	As at 31 March 2021	As at 31 March 2020
Discount rate	17.76%	17.90%
Long term growth rate	4%	4%

The management of the company believes that any reasonably possible change in the key assumption on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. The goodwill is tested for impairment and accordingly no impairment charges were identified for year ended 31 March 2021 (31 March 2020: Rs Nil).

5 Intangible assets

Cost	Software	Intellectual property rights	Marketing rights	Total
Balance as on 31 March 2019	**23.31**	**312.98**	**389.26**	**725.55**
Additions during the year	0.08	10.00	-	**10.08**
Balance as on 31 March 2020	**23.39**	**322.98**	**389.26**	**735.63**
Additions during the year	0.60	-	-	**0.60**
Balance as on 31 March 2021	**23.99**	**322.98**	**389.26**	**736.23**

Accumulated amortisation	Software	Intellectual property rights	Marketing rights	Total
Balance as on 31 March 2019	**8.29**	**232.57**	**296.88**	**537.74**
Amortisation expense for the year (refer note 5A)	4.67	58.00	70.72	133.39
Balance as on 31 March 2020	**12.96**	**290.57**	**367.60**	**671.13**
Amortisation expense for the year (refer note 5A)	4.68	20.56	21.66	46.90
Balance as on 31 March 2021	**17.64**	**311.13**	**389.26**	**718.03**

Carrying amount	Software	Intellectual property rights	Marketing rights	Total
Balance as on 31 March 2020	10.43	32.41	21.66	64.50
Balance as on 31 March 2021	6.35	11.85	-	18.20

5A Depreciation and amortisation expenses	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation on property, plant and equipment (refer note 3)	157.21	155.74
Amortisation on intangible assets (refer note 5)	46.90	133.39
	204.11	289.13

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6 Non-current investments

	As at 31 March 2021	As at 31 March 2020
Investments in subsidiary		
Unquoted equity instruments - carried at cost		
Alivira Animal Health Limited, Ireland 13,781,275 Equity Shares of EURO 1 each fully paid-up (31 March 2020 : 12,565,751 shares)	3,562.63	2,893.31
Total	**3,562.63**	**2,893.31**
Aggregate carrying value of unquoted investments	3,562.63	2,893.31

7 Non-current loans

	As at 31 March 2021	Maximum Balance during the year	As at 31 March 2020	Maximum Balance during the year
Unsecured, considered good				
Loan to related parties (refer note 39.3)				
-Alivira Animal Health Limited, Ireland	1,254.19	1,254.19	306.80	944.39
Total	**1,254.19**	**1,254.19**	**306.80**	**944.39**

Notes:
i) The above loan are given for business purposes and also incurred interest accrued till date of Rs. 311.73 (31 March 2020 : Rs. 306.89).
ii) The above disclosure is pursuant to Section 186 (4) of the Companies Act, 2013.

8 Other non-current financial assets

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Security deposits	21.78	19.75
Margin money deposits	-	15.05
Share application pending allotment (*)	-	669.32
Total	**21.78**	**704.12**

(*) During the year 2019-20 , the Company had decided to convert loan given to Alivira Animal Health Limited, Ireland (wholly owned subsidiary) of Rs. 669.32 into 12,15,524 equity shares. Pending allotment of shares, this advance was shown as "Share application pending allotment".

9 Deferred tax assets (net) (refer note 37)

	As at 31 March 2021	As at 31 March 2020
Deferred tax liabilities		
- Temporary differences on account of depreciation	(47.07)	(32.78)
Total deferred tax liabilities (A)	(47.07)	(32.78)
Deferred tax assets		
- Expenses allowable on payment basis	27.17	35.88
- Unabsorbed depreciation and carried forward of losses	28.49	-
- MAT Credit Entitlement	125.05	80.50
Total deferred tax assets (B)	180.71	116.38
Total (A) + (B)	**133.64**	**83.60**

9A Income tax assets (net)

	As at 31 March 2021	As at 31 March 2020
Advance income tax (net of provisions : Rs.125.45) (31 March 2020 : NIL)	39.44	-
Total	39.44	-

10 Other non-current assets

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Capital advances	1.99	1.74
Prepaid expenses	2.14	6.64
	4.13	**8.38**

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11 Inventories

	As at 31 March 2021	As at 31 March 2020
Raw materials and packing materials	95.85	89.36
Goods-in transit	0.40	-
	96.25	**89.36**
Work-in-progress and intermediates (refer note (i) below)	140.53	207.84
Finished goods	109.03	77.28
Stock-in-trade	151.55	32.65
	260.58	**109.93**
Stock in transit	184.24	52.71
Fuel	0.85	1.19
Total Inventories (Lower of cost and net realisable value)	682.45	461.03

Notes:

(i) Details of inventory of work-in-progress and intermediates:

Bulk drugs	134.68	204.93
Formulations	5.85	2.91
Total	**140.53**	**207.84**

(ii) During the year ended 31 March 2021 Rs. 19.70 (31 March 2020: Rs. 3.69) was recognised as an expense towards provision for slow moving, expired and near expiry inventories

12 Current Investments

	As at 31 March 2021	As at 31 March 2020
Unquoted mutual funds carried at FVTPL		
i) Kotak Saving Fund Regular Plan (Growth) (31 March 2020 - 3,156,715.12 units) (face value Rs.10 per Unit)	-	101.31
ii) Kotak Liquid Fund Regular Plan(Growth) (31 March 2020 - 12,503.28 units) (face value Rs.1000 per Unit)	-	50.02
Total	-	**151.33**

13 Trade receivables

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good	837.11	1,005.97
Unsecured, considered doubtful	12.12	40.51
	849.23	**1,046.48**
Impairment allowance (allowance for bad and doubtful debts)		
Less: Allowance for doubtful trade receivables	12.12	40.51
Total	**837.11**	**1,005.97**

Notes:

1. No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member except as disclosed in Note 39.3.

2. Refer note 47.3 for terms and other details.

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14 Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Balances with banks		
- In current accounts	13.50	109.89
- Cash on hand	0.04	0.04
Total	13.54	109.93
Cash and cash equivalents as defined in Ind AS 7 "Statements of Cash Flows"	13.54	109.93

15 Bank balances other than (note 14) above

	As at 31 March 2021	As at 31 March 2020
In earmarked accounts		
- Margin money deposits (refer note below)	21.17	68.33
Total	21.17	68.33

Note: Balance in margin money deposits are held as security against borrowings, guarantees and other commitments.

16 Other current financial assets

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Claims receivables	79.56	70.60
Foreign exchange forward contracts at FVTPL	0.62	-
Interest accrued on fixed deposits	0.52	0.74
Total	80.70	71.34

17 Other current assets

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Advance to suppliers	1.66	7.81
Balances with government authorities	99.16	133.31
Prepaid expenses	9.61	9.38
Others	2.39	3.02
Total	112.82	153.52

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	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Rs.	No. of Shares	Rs.
18 Equity Share capital				
(a) Authorised				
Equity shares of Rs 10 each	158,000,000	1,580.00	158,000,000	1,580.00
(b) Issued, subscribed and fully paid-up				
Equity shares of Rs.10 each	47,776,470	477.76	47,776,470	477.76
Total		**477.76**		**477.76**

Notes:

(i) Reconciliation of the number of shares and amount outstanding

Fully paid equity shares	No. of Shares	Share capital
Balance as on 1 April 2019	47,776,470	477.76
Share issued during the year	-	-
Balance as on 31 March 2020	**47,776,470**	**477.76**
Share issued during the year	-	-
Balance as on 31 March 2021	**47,776,470**	**477.76**

(ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Each equity shareholder is entitled to dividend in the Company. The dividend proposed by Board of directors is subject to approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of shares held by holding company

	As at 31 March 2021		As at 31 March 2020	
Name of the shareholder	**No. of shares held**	**% of holding**	**No. of shares held**	**% of holding**
SeQuent Scientific Limited and its nominees	47,776,470	100%	47,776,470	100%

(iv) Details of shares held by each shareholder holding more than 5% shares

Equity shares

	As at 31 March 2021		As at 31 March 2020	
Name of the shareholder	**No. of shares held**	**% of holding**	**No. of shares held**	**% of holding**
SeQuent Scientific Limited and its nominees	47,776,470	100%	47,776,470	100%

(v)

Aggregate number of shares allotted as fully paid pursuant to contract without payment of cash for a period of 5 years immediately preceding the balance sheet date:

	As at 31 March 2021	As at 31 March 2020
Equity shares	-	7,400,000

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		As at 31 March 2021	As at 31 March 2020
19	**Other equity**		
	Retained earnings	98.65	(200.25)
	Securities premium	4,230.73	4,230.73
	Share options outstanding account	60.59	60.59
	Other reserves	31.79	26.70
	General reserve	52.73	52.02
	Total	**4,474.49**	**4,169.79**

(a) Retained earnings

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	(200.25)	(520.30)
Add: Transition impact of Ind AS 116 Leases	-	2.82
Add: Profit during the year	298.04	319.59
Less: Other comprehensive expense / (income) arising from remeasurement of defined benefit obligation	2.26	(0.81)
Less: Fair value gain on Corporate guarantee	(1.40)	(1.55)
Balance at the end of the year	**98.65**	**(200.25)**

(b) Securities premium account

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	4,230.73	4,230.73
Balance at the end of the year	**4,230.73**	**4,230.73**

(c) Share options outstanding account

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	60.59	79.98
Add: Employee stock option expenses	0.71	32.17
Less: Transferred to general reserve on vested ESOP lapsed during the year	(0.71)	(51.56)
Balance at the end of the year	**60.59**	**60.59**

(d) Other reserves

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	26.70	16.15
	5.09	10.55
Balance at the end of the year	**31.79**	**26.70**

(e) General reserve

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	52.02	0.46
Add: Transferred from share option outstanding account on vested ESOP lapsed during the year	0.71	51.56
Balance at the end of the year	**52.73**	**52.02**

Nature and purpose of Reserves

(a) Retained earnings

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

(b) Securities premium account
Securities premium includes the difference between the face value of the equity shares and the consideration received in respect of shares issued.

(c) Share options outstanding account
This relate to shares of the Parent Company, granted by the Parent Company to specific employees of the Company under its employee share arrangement.

(d) Other reserves
The Company has availed certain loans from financial institutions / banks which have been guaranteed by SeQuent Scientific Limited, the Parent Company, at no consideration. Other reserves represents fair value of these services availed from the Parent Company.

(e) General reserve
General reserve represents vested ESOP lapsed on resignation of the employee the Company

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20 Non-current borrowings

	As at 31 March 2021	As at 31 March 2020
Secured term loans - at amortised cost		
From bank	-	411.25
From other parties	0.51	500.55
Unsecured term loan - at amortised cost		
From related parties (Refer Note 39.3)	2,207.30	575.25
Total	**2,207.81**	**1,487.05**

(i) Details of terms of repayment for the long-term borrowings and security provided in respect of the secured long-term borrowings:

Particulars		As at 31 March 2021	As at 31 March 2020
Term loan from parties:			
Export and Import Bank of India : First charge on the entire fixed assets of the Company including immovable properties both present and future, second charge over current assets of the Company both present and future, unconditional and irrevocable corporate guarantee of SeQuent Scientific Limited to the extent of the shareholding in the Company. Personal guarantee of Mr Arun Kumar Pillai, promoter of SeQuent Scientific Limited, the holding company, to the extent of Rs.500 First charge / assignment on all intangibles assets of the Company.	Repayabla in 26 equal quarterly Instalments, commencing from August 2016. Repaid in Dec'20	-	320.44
Export and Import Bank of India : First pari pasu charge on the entire movable and immovable fixed assets of Alivira Animal Health Limited, India Plant, at Vizag and Ambernath, both present and future, second pari pasu charge over current assets of the Company both present and future, unconditional and irrevocable corporate guarantee of SeQuent Scientific Limited. Personal guarantee of Mr Arun Kumar Pillai, promoter of SeQuent Scientific Limited, the holding company, to the extent of Rs.300. Negative lien on the shares of Bremer, held by Alivira Animal Health Limited Ireland	Repayable in 22 equal quarterly Instalments, commencing from 02 September 2019 Repaid in Nov'20.	-	178.82
Indusind Bank: Exclusive mortgage on land, building and machinery situated at Tarapur Plant of SeQuent Scientific Limited, land and building situated at Ambarnath Plant and office premises at Dosti pinnacle, Thane	Repayable in 24 quarterly Instalments, commencing from September 2019 Repaid in Oct'20	-	304.47
Indusind Bank: Exclusive mortgaga on land, building and machinery situated at Tarapur Plant of SeQuent Scientific Limited, land and building situated at Ambernath Plant and office premises at Dosti pinnacle, Thane	Repayable in 23 quarterly Instalments, commencing from December 2019 Repaid in Oct'20	-	106.78
Toyota Financial Services India Limited: Hypothecation of asset (vehicle).	Repayable in 60 equal monthly Instalments, commencing from October 2017.	0.19	0.56
Toyota Financial Services India Limited: Hypothecation of asset (vehicle).	Repayable in 60 equal monthly Instalments, commencing from January 2018.	0.32	0.73
Total		**0.51**	**911.80**

(i) The interest on above term loans from Export and Import Bank of India, Indusind bank are linked to the lender's base rates which is floating in nature and term loans from Toyota Financial Services India Limited have fixed rate of interest. During the year, interest rates ranges from 8.25% to 8.34% per annum (31 March 2020: 9.65% to 10.25% p.a.)

(ii) The loan taken by immediate subsidiary company is secured by first charge on the entire fixed assets of the Alivira Animal Health Limited, India (holding company) including immovable properties both present and future, Unconditional irrevocable corporate guarantee of SeQuent Scientific Limited - ultimate holding company, shortfall undertaking from SeQuent Scientific Limited.

(iii) For the current maturities of long-term borrowings, refer note 26 - Other current financial liabilities.

21 Other non current Financial liabilitias

	As at 31 March 2021	As at 31 March 2020
Lease liabilities (Refer Note 46)	119.06	123.15
Total	**119.06**	**123.15**

22 Non-current provisions

	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Gratuity (refer note 41)	31.03	29.16
Compensated absences (refer note below)	11.34	23.18
Total	**42.37**	**52.34**

Note:
The provision for compensated absences includes annual leave and vested long service leave entitlement accrued.

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23 Other non-current liabilities

	As at 31 March 2021	As at 31 March 2020
Corporate guarantee liability	0.63	1.20
Total	**0.63**	**1.20**

24 Current borrowings

	As at 31 March 2021	As at 31 March 2020
Loans repayable on demand		
Secured loan - at amortised cost		
From banks (refer notes below)	380.96	489.45
Total	**380.96**	**489.45**

Notes:

(i) Working capital loan from banks are secured by a first pari-passu charge on current assets of the Company, both present and future, a second pari-passu charge on fixed assets of the Company and unconditional irrevocable corporate guarantee of SeQuent Scientific Limited - holding company, shortfall undertaking from SeQuent Scientific Limited

(ii) The interest on Working Capital loans are floating in nature which ranges from 5.75%to 9.45% per ennum (31 March 2020: 9.05% to 10.85% p.a.)

25 Trade payables

	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro and small enterprises (refer note 43)	38.97	11.90
Total outstanding dues of creditors other than micro and small enterprises	674.93	489.42
Total	**713.90**	**501.32**

Notes:

(i) Trade payables (other than due to micro and small enterprises) are non-interest bearing and are normally settled in 90 - 120 days.

(ii) The Company's exposures to market and liquidity risks related to trade payables is disclosed in note 47.

(iii) Refer note 39.3 for dues payable to related parties

26 Other current financial liabilities

	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term borrowings *	0.77	288.39
Interest accrued and due on borrowings	1.09	7.32
Foreign exchange forward contracts at FVTPL	-	24.02
Payables on purchase of property, plant and equipment's	16.57	4.88
Lease liabilities (Refer Note 46)	4.09	3.14
Others	0.50	1.30
Total	**23.02**	**329.05**

* The details of interest rates, repayment terms, securities, guarantees and others terms are disclosed under note 20. Details of current maturities of long-term debt are as below:

	As at 31 March 2021	As at 31 March 2020
Secured term loan from other parties		
Export and Import Bank of India	-	243.54
Toyota Financial Services India Limited	0.77	0.71
Secured term loan from bank		
IndusInd Bank	-	44.14
Total	**0.77**	**288.39**

27 Current provisions

	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Gratuity (refer note 41)	4.04	2.68
Compensated absences	14.96	2.84
Provision for expiry returns	9.15	-
Total	**28.15**	**5.52**

28 Current tax liabilities (net)

Provision for income tax (net of advance income tax Rs NIL) (31 March 2020: Rs.50.88)	-	30.03
	-	**30.03**

29 Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Statutory remittances	19.96	11.54
Advances from customers	26.47	39.96
Total	**46.43**	**51.50**

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30 Revenue from operations

	Year ended 31 March 2021	Year ended 31 March 2020
Sale of products	4,062.75	3,715.84
Sale of Services	112.83	38.72
	4,175.58	3,754.56
Other operating revenues		
Sale of scrap	2.49	3.30
Sale of Import licences	23.89	7.69
Duty drawback and other export incentives	31.64	143.57
Total	4,233.60	3,909.12

Notes

(i) **Sale of product comprises**		
(a) **Manufacturing goods**		
Bulk drugs	1,728.95	1,767.45
Formulations	154.96	134.12
Total - Sale of manufactured products	1,883.91	1,901.57
(b) **Traded goods**		
Bulk drugs	1,385.04	1,381.33
Formulations	793.80	432.94
Total - Sale of traded goods	2,178.84	1,814.27
Total - Sale of products	4,062.75	3,715.84

Disaggregated revenue disclosure

The company disaggregate the revenue based on geographic locations and it is disclosed under note 40.

Applying the practical expedient as given in the IndAS 115, the Company has not disclosed the remaining performance obligation related disclosure for contracts that have original expected duration of one year or else.

Trade receivables and contract balances

The company classifies the right to consideration in exchange for deliverables as a trade receivable.

A receivable is the right to consideration that is upon passage of time. Revenue for revenue contracts are recognized at a point in time when the company transfers control over the product to the customers.

Reconciliation of revenue from sale of products and services with the contracted price

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Contracted price	4,256.84	3,792.91
Less: trade discounts and returns	81.26	38.35
Sale of products and services	4,175.58	3,754.56

31 Other income

	Year ended 31 March 2021	Year ended 31 March 2020
Interest income (refer note below)	17.65	54.93
Net gain on foreign currency transactions and translation	-	69.51
Gain on sale of property, pant and equipment's	0.14	-
Guarantee commission	2.81	1.43
Fair value gain on financial instrument at fair value through profit or loss *	-	1.33
Gain on sale of investments	5.23	-
Corporate Cross Charge	98.10	-
Provision for trade receivable written back	0.80	
Miscellaneous income	2.31	0.80
Total	127.04	128.00
Interest income comprises:		
Interest on:		
Bank deposits	3.41	4.85
Loans to related parties (Refer Note 39.2)	14.24	50.08
Total	17.65	54.93

* Fair value of corporate guarantee represents income on guarantee provided to a subsidiary Company

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32.a Cost of materials consumed

	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock	89.36	93.08
Add: Purchases	1,117.30	879.64
Less: Closing stock	96.25	89.36
Total	**1,110.41**	**883.36**
Materials consumed comprises:		
Solvents	108.51	82.00
Chemicals	1,001.90	801.36
Total	**1,110.41**	**883.36**

32.b Purchases of stock-in-trade (Refer Note 39.2)

	Year ended 31 March 2021	Year ended 31 March 2020
Purchases of stock-in-trade	1,467.95	1,228.59
Total	**1,467.95**	**1,228.59**
Purchases of stock-in-trade comprises:		
Bulk drugs	981.02	1,020.27
Formulations	486.93	208.32
Total	**1,467.95**	**1,228.59**

32.c Changes in inventories of finished goods, stock-in-trade and work-in-progress

	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock		
Work-in-progress and intermediates	207.84	222.74
Finished goods (including stock-in-trade & stock-in-transit)	162.64	205.03
	370.48	427.77
Closing stock		
Work-in-progress and intermediates	140.53	207.84
Finished goods (including stock-in-trade & stock-in-transit)	444.82	162.64
	585.35	370.48
Net (increase) / decrease	(214.87)	57.29

33 Employee benefits expense

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries and wages	426.24	385.39
Contributions to provident fund, gratuity and other funds (refer note 41)	32.66	31.02
Share-based payments to employees (refer note 48)	36.68	32.17
Staff welfare expenses	12.61	10.35
Total	**508.19**	**458.93**

34 Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense on borrowings	195.12	233.74
Other borrowing costs	38.34	18.97
Interest expense on leases liabilities (Refer note 46)	12.63	12.91
Total	**246.09**	**265.62**

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35 Other expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Travelling and conveyance	17.76	40.85
Communication expenses	5.96	5.47
Consumables	77.50	50.10
Conversion and processing charges	47.00	48.31
Contract labour charges	10.41	9.18
Legal and professional charges	90.14	27.15
Freight and forwarding	115.03	76.68
Power, water and fuel	95.58	57.59
Rent	0.29	0.50
Analytical charges	57.91	48.14
Repairs and maintenance		
Buildings	6.05	6.52
Machinery	26.19	24.76
Others	43.75	21.57
Insurance	10.65	9.22
Commission on sales	43.73	26.15
Advertisement and selling expenses	11.51	10.72
Rates and taxes	11.68	32.54
Payments to auditors (refer note below)	4.42	3.41
Loss on sale of property, pant and equipment's	-	0.40
Bad trade receivables written off	-	6.08
Provision for doubtful trade receivables	-	5.86
Net loss on foreign currency transactions and translation	10.10	-
Miscellaneous expense	37.43	26.08
Total	**723.09**	**537.28**

Note:
Payments to the auditors comprises (net of goods and services tax credit):

As auditors - statutory audit	1.70	1.25
Fees for certifications and other services	2.65	2.05
Reimbursement of expenses	0.07	0.11
	4.42	**3.41**

36 Exceptional items

	Year ended 31 March 2021	Year ended 31 March 2020
Accelerated ESOP costs	18.13	-
One time bonus	6.22	-
Total	**24.35**	-

Refer note 48E

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37 Reconciliations of tax expenses and details of deferred tax balances

A) Income tax expense recognised in the statement of profit and loss

	Year ended 31 March 2021	Year ended 31 March 2020
i) Income tax expense recognised in the statement of profit and loss		
Current tax	47.99	57.15
Total (I)	47.99	57.15
Deferred Tax charge		
Origination and reversal of temporary differences	(6.70)	(2.67)
Total (II)	(6.70)	(2.67)
MAT		
MAT credit entitlement	(44.55)	(57.15)
Total (III)	(44.55)	(57.15)
Current tax of earlier periods (IV)	(3.46)	-
Total (V = I+II+III+IV)	**(6.72)**	**(2.67)**
ii) Tax on other comprehensive income		
Income tax on re-measurement (gains) / losses on defined benefit plans	1.21	(0.43)
Total (VI)	**1.21**	**(0.43)**
Total (V+VI)	**(5.51)**	**(3.10)**

B) Reconciliation of effective tax rate

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
Profit before tax	291.32	316.92
Statutory income tax rate	34.94%	34.94%
Tax as per applicable tax rate	**101.80**	**110.74**
Differences due to:		
- Effect of additional allowance net of MAT credit	(103.02)	(110.31)
- Provision for tax of earlier years written back	(3.46)	-
- Others	(2.04)	(3.10)
Income tax expenses charged to the statement of profit and loss	**(6.72)**	**(2.67)**
Effective tax rate	(2.31)%	(0.84)%

During the year the Company has recognised MAT credit entitlement which is expected to be available for set off in the future years.

C) Movement in deferred tax assets and liabilities

	As at 1 April 2020	Credit / (charge) in the statement of profit and loss	Credit / (charge) in other comprehensive income	As at 31 March 2021
Deferred tax asset				
- Temporary differences on account of depreciation	(32.78)	(14.29)	-	(47.07)
- Expenses allowable on payment basis	35.88	(7.50)	(1.21)	27.17
- Unabsorbed depreciation and carried forward of losses	-	28.49	-	28.49
- MAT credit entitlement	80.50	44.55	-	125.05
Total	**83.60**	**51.25**	**(1.21)**	**133.64**

	As at 1 April 2019	Credit / (charge) in the statement of profit and loss	Credit / (charge) in other comprehensive income	As at 31 March 2020
- Temporary differences on account of depreciation	(106.34)	73.56	-	(32.78)
- Expenses allowable on payment basis	19.37	16.08	0.43	35.88
- Unabsorbed depreciation and carried forward of losses	86.97	(86.97)	-	-
- MAT credit entitlement	23.35	57.15	-	80.50
Total	**23.35**	**59.82**	**0.43**	**83.60**

D) The Company continues to pay income tax under older tax regime even after introduction of Taxation Law (Amendment) Act, 2019, considering the accumulated MAT credit, tax losses and other benefits under the Income Tax Act, 1961.

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38 Earnings per share

Profit attributable to equity shareholders

	Year ended 31 March 2021	Year ended 31 March 2020
Profit for the year attributable to equity holders of the Company	298.04	319.59
Profit attributable to equity shareholders for basic and diluted earnings	**298.04**	**319.59**

Weighted average number of equity shares

	Year ended 31 March 2021	Year ended 31 March 2020
Equity shares at beginning of the year	47,776,470	47,776,470
Effect of shares issued during the year	-	-
Weighted average number of equity shares at end of the year for basic and diluted EPS	47,776,470	47,776,470

	Year ended 31 March 2021	Year ended 31 March 2020
Basic earnings per share(in Rs.)	6.24	6.69
Diluted earnings per share(in Rs.)	6.24	6.69

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39 Related party transactions

39.1 List of related parties

(I) Related parties where control exists

a) Ultimate Holding Company
CA Harbor Investments

b) Holding Company
SeQuent Scientific Limited

c) Subsidiaries

Wholly-owned subsidiary:
Alivira Animal Health Limited, Ireland

Step down subsidiaries:
Alivira Animal Health Australia Pty Limited (Strike off w.e.f. May 13, 2020)
Provet Veteriner Ürünleri San. Ve Tic. A. Ş.
Topkim Topkapi Ilaç premiks Sanayi Ve Ticaret A.Ş.
Fendigo SA
Fendigo BV
N-Vet AB
Alivira Saude Animal Brasil Participacoes Ltda
Interchange Veterinária Indústria E Comércio Ltda.
Laboratorios Karizoo, S.A.
Laboratorios Karizoo, S.A. DE C.V. (Mexico)
Comercial Vila Veterinaria De Lleida S.L.
Phytotherapic Solutions S.L
Vila Viña Participacions S.L.
Alivira France
Bremer Pharma GmbH
Evanvet Distribuidora De Produtos Veterinarios Ltda (Name changed from 'Evance Saude Animal Ltda w.e.f 03 February 2021)
Alivira Italia S.R.L. (incorporated w.e.f 21 January 2019)
Alivira UA Limited (strike off w.e.f 18 August 2019)
Alivira Animal Health USA LLC (Incorporated on 25 March 2020)
Alivira Animal Health UK Ltd ((ncorporated on 29 April 2020)

(II) Other related parties with whom transactions have taken place during the year

(a) Key management personnel
Mr. Manish Gupta, Chief Executive Officer & Managing Director
Mr. Sharat Narasapur, Joint Managing Director
Dr. Kamal Sharma, Independent Director (appointed w.e.f September 2020)
Mrs. Kalpana Mukherjee, Whole-Time Director
Mr. Lokesh Kumar (Exim Bank Nominee) (resigned w.e.f 14 January 2021)
Dr. Gopakumar Nair (resigned w.e.f 9 September 2020)

b) Relatives of Key management personnel
Mrs Anita M Gupta (wife of Mr Manish Gupta)

c) Fellow subsidiaries:
SeQuent Research Limited

d) Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company
Solara Active Pharma Sciences Limited (till 17 August 2020)

Note:
All the transactions entered with related parties are in the ordinary course of business and on arm's length basis

Above mentioned provides the information about the Company's structure including the details of the subsidiaries and the holding company. The following table provides transactions that have been entered into with related parties for the relevant financial year:

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39 Related party transactions

39.3 Balance as at balance sheet date

	Holding Company		Wholly-owned subsidiary		Step down subsidiaries		Fellow subsidiaries		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company		Key management personnel and their relatives	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(i) Trade receivables												
Alivira Animal Health Limited, Ireland			182.98	102.47								
Laboratorios Karizoo, S.A.					0.04	-						
Bremer Pharma GmbH					6.14	4.29						
Interchange Veterinária Indústria E Comércio Ltda.					0.15	-						
SeQuent Research Limited							-	0.01				
(ii) Loan receivable												
Alivira Animal Health Limited, Ireland			1,254.19	306.80								
(iii) Borrowings												
SeQuent Scientific Limited	2,207.30	575.25										
(iv) Trade Payables												
SeQuent Scientific Limited	263.15	85.62										
SeQuent Research Limited							3.08	-				
Laboratorios Karizoo, S.A.					0.03	-			-	-		
Bremer Pharma GmbH					0.63	-						
Solara Active Pharma Sciences Limited									35.92	22.26		
Alivira Animal Health Limited, Ireland			1.25	4.91								
(v) Corporate guarantee received from												
SeQuent Scientific Limited	2,028.23	1,749.70										
(vi) Corporate guarantee given to												
Alivira Animal Health Limited, Ireland			730.80	-								
Alivira Animal Saude Brazil					103.93	-						
Bremer Pharma					37.88	-						
SeQuent Scientific Limited	380.00	483.41										

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39 Related party transactions

39.2 Transactions for the year

	Holding Company		Wholly-owned subsidiary		Step down subsidiaries		Fellow subsidiaries		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company		Key management personnel and their relatives	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Sale of materials / services												
SeQuent Scientific Limited	90.45	83.55										
Provet Veteriner Ürünleri San. Ve Tic. A. S.					-	1.63						
Topkim Topkapi Ilaç premiks Sanayi Ve					31.80	18.11						
Laboratorios Karizoo, S.A.					0.07	0.17						
Solara Active Pharma Sciences Limited									-	147.59		
Alivira Animal Health Limited, Ireland			379.40	256.25								
Bremer Pharma GmbH					7.48	8.95						
Interest and other income												
Alivira Animal Health Limited, Ireland (*)			14.24	50.08								
Sale of Scrips												
SeQuent Scientific Limited	2.43	7.69										
Interest expenses												
SeQuent Scientific Limited (**)	105.46	56.97										
Purchase of materials / consumables												
SeQuent Scientific Limited	1,213.63	1,232.98										
Laboratorios Karizoo, S.A.					-	0.18						
Solara Active Pharma Sciences Limited									83.49	99.97		
Bremer Pharma GmbH					0.55	-						
Professional fees expenses												
Alivira Animal Health Limited, Ireland			2.22	3.01								
Support services provided												
Alivira Animal Health Limited, Ireland			35.56	27.49								
Processing and conversion charges incurred												
SeQuent Scientific Limited	14.13	10.40										
Reimbursement of expenses from												
Bremer Pharma GmbH					0.39	0.02						
SeQuent Scientific Limited	0.70											
Interchange Veterinária Indústria E Comércio Ltda.					1.46							
Purchase of fixed assets												
SeQuent Research Limited							4.53	8.02				
SeQuent Scientific Limited	-	0.04										
Sale of fixed assets												
SeQuent Scientific Limited	2.22	2.14										
Mrs Anita M Gupta											-	0.50
Managerial remuneration (***)												
Mr. Manish Gupta (#)												
Short-term benefits											17.68	12.01
Mr. Sharat Narsapur												
Short-term benefits											12.50	8.17
Share based payments											19.15	1.56
											31.64	9.73

(*) Interest income is included in the loan receivable amount
(**) Interest expense is included in the loan outstanding amount
(***) Expenses towards gratuity and compensated absences provisions are determined actuary on an overall company basis at the end of each year and accordingly have not been considered in the above information.
(#) The managerial remuneration is approved by the members in the AGM

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39 Related party transactions

Transactions for the year

	Holding Company		Wholly-owned subsidiary		Step down subsidiaries		Fellow subsidiaries		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company		Key management personnel and their relatives	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Mrs Kalpana Mukherjee												
Short-term benefits											2.84	2.58
Share based payments											3.83	0.31
											6.67	2.89
Director sitting fees												
Dr. Gopakumar Nair											0.20	0.40
Dr. Kamal K Sharma											0.30	-
Lokesh Kumar (Exim Bank Nominee)											0.40	-
Analytical charges												
SeQuent Research Limited							48.24	42.08				
Payment towards lease obligation and finance costs (previous year - rent expenses)												
SeQuent Scientific Limited	8.82	8.40										
Commission expenses												
Solara Active Pharma Sciences Limited									-	0.90		
Guarantee commission income												
Alivira Animal Health Limited, Ireland			0.85	1.08								
SeQuent Scientific Limited	1.97	0.35										
Guarantee commission expenses												
SeQuent Scientific Limited	9.37	5.18										
Additional / (reduction) of guarantee received during the year (net)												
SeQuent Scientific Limited	278.53	(167.52)										
Additional / (reduction) of guarantee given during the year (net)												
SeQuent Scientific Limited	(103.41)	483.41										
Alivira Animal Saude Brazil					103.93	-						
Bremer Pharma					37.88	-						
Alivira Animal Health Limited, Ireland			730.80	(149.78)								
Employee Stock Option expenses												
SeQuent Scientific Limited	36.68	32.17										
Corporate Cross Charge Income												
SeQuent Scientific Limited	73.30	-										
Alivira Animal Health Limited, Ireland			14.15	-								
SeQuent Research Limited							10.64	-				
Cross Charge Expense												
SeQuent Scientific Limited	39.67	-										
Loans given by the Company												
Alivira Animal Health Limited, Ireland			933.15	110.92								
Loans repaid through conversion to investment												
Alivira Animal Health Limited, Ireland			-	669.32								

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40 Segment Reporting

I. Primary segment (Business segment)
The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the Geographic segment of its business separately for the purpose of making decisions about resource allocation and performance assessment.
The Company is mainly engaged in the business of veterinary healthcare. Considering the nature of business and financial reporting of the Company, the Company has only one business segment viz: veterinary healthcare as primary reportable segment.

II. Secondary segment (Geographical segment)
The Company operates in three principal geographic locations.
(i) Europe
(ii) Asia
(iii) Rest of the world

	For the year ended March 31, 2021	For the year ended March 31, 2020
I. Revenue from operations		
Europe	1,557.06	1,246.72
Asia	1,444.73	1,481.35
Rest of the world	1,231.81	1,181.05
Total	**4,233.60**	**3,909.12**
	As at 31 Mach 2021	**As at 31 Mach 2020**
II. Total assets		
Europe	444.41	424.32
Asia	2,816.88	2,977.95
Rest of the world	263.39	362.86
Total segment assets	**3,524.68**	**3,765.13**
Unallocable (*)	4,989.90	3,953.03
Total assets	**8,514.58**	**7,718.16**
III. Cost incurred during the year to acquire segment assets		
Europe	-	-
Asia	256.42	68.06
Rest of the world	-	-
Total	**256.42**	**68.06**

<u>**Information about major customer (Refer note 47.3)**</u>

Note: In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

(*) Unallocable assets comprises of investments in subsidiary, loans and deferred tax assets (net).

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41 Employee benefit plans

(i) Defined contribution plans:

The Company makes Provident Fund and Employee State insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs 24.04 (31 March 2020 : Rs.23.41) for Provident Fund contributions and Rs 1.43 (31 March 2020 : Rs. 1.73) for Employee State Insurance Scheme contributions in the statement of profit and loss. As at 31 March 2021, contribution of Rs. 4.36 (31 March 2020 : Rs.3.81) is outstanding which is paid subsequent to the end of respective reporting periods.

(ii) Defined benefit plan:

The Company has a defined gratuity benefit plan. Gratuity is payable to all eligible employees of the Company on superannuation, death and resignation. The following table summarizes the components of net employee benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

	31 March 2021	31 March 2020
Expense / (income) recognised in the statement of profit and loss:		
Current service cost	7.19	5.88
Net Interest cost	1.99	1.90
Expected return on plan assets	(0.02)	(0.05)
Component of defined benefit costs recognised in the statement of profit and loss	**9.16**	**7.73**
Expense / (income) recognised in other comprehensive income:		
Return on plan assets (excluding amounts included in net interest cost)	-	0.54
Actuarial (gains) / losses arising from changes in financial assumptions	(0.14)	1.68
Actuarial (gains) / losses arising from changes in experience adjustments	(3.40)	(0.98)
Actuarial (gains) / losses arising from adjustment to opening fairvalue	0.07	
Component of defined benefit costs recognised in other comprehensive income	**(3.47)**	**1.24**
Total	**5.69**	**8.97**
Net defined benefit obligation as reflected in Balance Sheet.		
Present value of defined benefit obligation (DBO)	35.25	32.08
Fair value of plan assets	(0.18)	(0.24)
Net liability recognised in balance sheet	**35.07**	**31.84**
A. Movements in the present value of the defined benefit obligation are as follows.		
Opening defined benefit obligation	32.08	27.50
Current service cost	7.19	5.88
Interest cost	1.99	1.90
Benefits paid	(2.47)	(3.90)
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Actuarial gains and losses arising from changes in financial assumptions	(0.14)	1.68
Actuarial gains and losses arising from changes in experience adjustments	(3.40)	(0.98)
Closing defined benefit obligation	**35.25**	**32.08**

B. Movements in the fair value of plan assets are as follows.

	31 March 2021	31 March 2020
Opening fair value of plan assets	0.24	0.73
Opening fair value adjustment	(0.08)	
Expected return on plan assets	0.02	0.05
Remeasurement loss (gain):		
Return on plan assets (excluding amounts included in net interest cost)	-	(0.54)
Closing fair value of plan assets	**0.18**	**0.24**
Estimate amount of contribution in immediate next year	**4.22**	**2.92**

Actual return on plan assets is Rs.0.01 (31 March 2020 Rs. (0.48))

Asset information	31 March 2021	31 March 2020
Insurer Managed Funds (LIC) (100%)	100%	100%

Actuarial assumptions

The principal assumptions used for the purpose of actuarial valuations are shown in the table below.The assumptions as at the balance sheet date are used to determine the present value of defined benefit obligation at that date.

	31 March 2021	31 March 2020
Financial assumption:		
Discount rate	6.58%	6.51%
Salary escalation rate	8.00%	8.00%
Demographic assumption:		
Withdrawal rate	12.00%	12.00%
Mortality rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Retirement Age	58 yrs.	58 yrs.

As per para 83 of Ind AS 19, the rate used to discount post-employment benefit obligation (both funded and unfunded) shall be determined by reference to market yields at the end of the reporting period on government bonds.

Expected future cash flows	31 March 2021	31 March 2020
Within 1 Year	4.22	2.92
2-5 years	16.98	15.00
6-10 years	14.42	15.36

Average expected future working life is 7.74 years (previous year 7.73 years)

Sensitivity Analysis

The sensitivity analysis below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

	Impact on the defined benefit obligation	
31 March 2021	**100 bps increase**	**100 bps decrease**
Discounting rate	(2.06)	2.31
Salary escalation rate	2.24	(2.05)
31 March 2020	**100 bps increase**	**100 bps decrease**
Discounting rate	(1.86)	2.09
Salary escalation rate	2.04	(1.85)

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42 Contingent liabilities and commitments (to the extent not provided for)

Contingent liabilities

	As at 31 March 2021	As at 31 March 2020
Ramky Escalation charges	16.66	-

The Company has a manufacturing plant at Vizag, Telangana wherein effluent treatment services are provided by Ramky Pharmacity India Private Limited ('vendor'). The vendor has raised escalation dues of Rs. 49.50 out of which an interim demand of Rs. 32.90 has been paid and charged to the statement of Profit & Loss. Balance amount of Rs. 16.60 is under discussion by vendor with Andhra Pradesh Industrial Infrastructure Corporation and has been disclosed as contingent liability

Commitments	As at 31 March 2021	As at 31 March 2020
a. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
- Property, plant and equipment	5.60	10.41

b. The Company has given a letter of support to its wholly owned subsidiary Alivira Animal Health Limited, Ireland to continue to assist in whatever manner that it can to financially support the operations and cash flow requirements of the subsidiary for the foreseeable future.

43 Dues to micro and small enterprises (refer note 25)

	As at 31 March 2021	As at 31 March 2020
The amounts remaining unpaid to micro and small suppliers as at the end of the year	38.97	11.90
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.24	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management based on enquiries made by the Management with the creditors which have been relied upon by the auditors.

44 Corporate Social Responsibility Expenses (CSR)

The Company has incurred below expenses towards CSR activities as per section 135 of the Companies Act, 2013 and is included in other expenses:

Details of CSR spent during the financial year:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Gross amount required to be spent by the Company during the year	1.68	-
Actual amount spent during the year (Revenue in nature)	0.03	-
Remaining amount proivded in the financial statement	1.65	-
Total CSR expenditure	1.68	-

45 Details of research and development expenditure

	31 March 2021			31 March 2020		
	Ambernath Formulations (refer note 2 below)	Vizag API (refer note 1 below)	Total	Ambernath Formulations (refer note 2 below)	Vizag API (refer note 1 below)	Total
Revenue expenditure						
Employee benefit expenses	14.59	33.36	47.94	13.00	29.86	42.86
Legal and professional fees	1.37	-	1.37	2.47	0.01	2.48
Raw materials and consumable	7.29	3.17	10.46	0.03	1.42	1.45
Travelling and conveyance	0.06	0.16	0.22	0.39	0.17	0.56
Analytical charges	2.02	34.34	36.36	2.23	24.42	26.65
Depreciation	5.00	19.47	24.47	0.76	57.54	58.30
Repairs & maintenance	1.07	0.63	1.70	0.11	0.93	1.04
Others	3.45	5.56	9.02	3.18	3.59	6.77
Total	**34.85**	**96.69**	**131.54**	**22.17**	**117.94**	**140.11**
Capital expenditure						
Purchase of Property, plant and	13.52	0.65	14.16	39.06	0.33	39.39
Total	**13.52**	**0.65**	**14.16**	**39.06**	**0.33**	**39.39**

Notes:

1 Vizag R&D unit got approved by DSIR (Certificate no-F. No. TU/IV-RD/4453/2019)

2 For Ambernath formulation R&D unit DSIR application is yet to be made

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46 Leases

Detailed list and movement of the assets (Refer note 3)

Set out below are the carrying amounts of lease liabilities (included under financial liabilities) and the movements during the period:

	Year ended 31 March 2021	Year ended 31 March 2020
As at 1 April	126.29	128.60
Accretion of interest (Refer Note 34)	12.63	12.91
Payments	(15.77)	(15.22)
As at 31 March	**123.15**	**126.29**
Current	4.09	3.14
Non-current	119.06	123.15

The effective interest rate for lease liabilities is 10.5%.

Impact on statement of profit and loss decrease in profit for the year

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation and amortisation expenses	12.73	12.74
Other expenses	0.29	0.50
Finance costs	12.63	12.91
Net decrease in profit for the year	**25.65**	**26.15**

Maturity Analysis of Lease (Refer Note 47.4)

Impact on the statement of cash flows increase / (decrease)	Year ended 31 March 2021	Year ended 31 March 2020
Payment of principal portion of lease liabilities	(3.14)	(2.31)
Payment of interest portion of lease liabilities	(12.63)	(12.91)
Net cash flows from financing activities	**(15.77)**	**(15.22)**

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47 Financial Instruments

The carrying value and fair value of financial instruments by categories are as follows

Financial assets	As at 31 March 2021	As at 31 March 2020
Measured at amortised cost		
Loans	1,254.19	306.80
Trade receivables	837.11	1,005.97
Cash and cash equivalents	13.54	109.93
Other bank balances	21.17	68.33
Other financial assets	101.86	775.46
Investment in a subsidiary	3,562.63	2,893.31
Measured at fair value through profit or loss (FVTPL)		
Foreign exchange forward contracts at FVTPL	0.62	-
Investments in mutual fund	-	151.33
Total	**5,791.12**	**5,311.13**
Financial liabilities		
Measured at amortised cost		
Borrowings (including current maturity of long term borrowings)	2,589.54	2,264.89
Trade payables	713.90	501.32
Lease liabilities	123.15	126.29
Other financial liabilities	18.16	13.50
Measured at fair value through profit or loss (FVTPL)		
Foreign exchange forward contracts at FVTPL	-	24.02
Total	**3,444.75**	**2,930.02**

47.1 Fair value hierarchy

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

Level 2 – Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at 31 March 2021 and 31 March 2020:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets / (liabilities) measured at fair value: Derivative financial assets designated at fair value through profit or loss (note 26 and 16 respectively):					
Foreign exchange forward contracts- USD	31 March 2021	0.62	-	0.62	-
Foreign exchange forward contracts- USD	31 March 2020	(24.02)	-	(24.02)	-
Financial assets designated at fair value through profit or loss (note 12):					
Investment in mutual funds	31 March 2021		-	-	-
Investment in mutual funds	31 March 2020	151.33	-	151.33	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Notes:
(i) Refer note 2 (xiv) under significant accounting policies for recognition and measurement of financial assets.
(ii) Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

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47.2 Financial risk management objective and policies

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, and cash and deposits that derive directly from its operations. The Company is exposed to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework
The Company's activities makes it susceptible to various risks. The Company has taken adequate measures to address such concerns by developing adequate systems and practices. The Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

47.3 Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The credit risk on liquid funds and derivates financial instruments is limited because the counterparties are banks with high credit-ratings assigned by credit-rating agencies.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of trade receivable spread by period of six months:

	As at 31 March 2021	As at 31 March 2020
Outstanding for more than 6 months	9.33	79.88
Others	827.78	926.09
	837.11	1,005.97

The Company continuously monitors defaults of customers and other counterparties, identified and incorporates this information into its credit risk controls.
The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating.
Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee insurance cover is purchased for export customers.

There is no revenue from single external customer more than 10% of Company's total revenue for the year ended 31 March 2021.

In addition, the Company is exposed to credit risk in relation to financial guarantees provided by the company. The company's maximum exposure in this respect is the maximum amount the company may have to pay if the guarantee is called on. As at 31 March 2021, an amount of Rs.1252.61 (31 March 2020 : Rs. 483.41) is outstanding as financial guarantee. These financial guarantees have been issued to banks and other parties with whom loan agreements have been entered by the subsidiary and parent Company.

47.4 Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's treasury department is responsible for managing the short term and long term liquidity requirements of the Company. Short term liquidity situetion is reviewed daily by Treasury. Long term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021 and 31 March 2020:

	As at 31 March 2021			
	Total	Less than 1 year	1-2 years	2 years and above
Borrowings (including current maturity of long term borrowings)	2,589.54	381.73	0.51	2,207.30
Trade payables	713.90	713.90	-	-
Lease liability	123.15	4.09	5.18	113.88
Other financial liability	18.16	18.16	-	-
Financial guarantee	1,252.61	-	-	-

	As at 31 March 2020			
	Total	Less than 1 year	1-2 years	2 years and above
Borrowings (including current maturity of long term borrowings)	2,264.89	777.84	301.37	1,185.68
Trade payables	501.32	501.32	-	-
Lease liability	126.29	3.14	4.09	119.06
Other financial liability	13.50	13.50	-	
Financial guarantee	483.41	-	-	

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47.5 Market risk

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

The Company is exposed to interest rate risk arises mainly from debt. The company is exposed to interest rate risk because the fair value of fixed rate borrowings and the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.
The Company is also exposed to foreign currency risk on certain transactions that are denominated in e currency other than the respective entity's functional currency; hence exposures to exchange rate fluctuations arise. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates.

a) Derivative financial instruments

Derivative transactions are undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments.
(i) Outstanding forward exchange contracts entered into by the Company as on 31 March 2021

Currency	Amount		Buy / Sell
	As at 31 March 2021	As at 31 March 2020	
USD	-	1.10	Sell
USD	1.40	6.73	Buy

Foreign currency Risk:
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense is denominated in a foreign currency).
The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales.

b) Foreign currency risk exposure from financial instruments are given below:

Foreign currency	31 March 2021		31 March 2020	
	Receivable / (payable)	Receivable / (payable) in foreign currency	Receivable / (payable)	Receivable / (payable) in foreign currency
EURO	22.39	0.26	41.95	0.51
USD	1,963.70	26.72	1,137.74	15.09
AUD	-	-	0.19	0.00
GBP	-	-	0.03	0.00
EURO	(16.36)	(0.19)	(20.02)	(0.24)
USD	(397.66)	(5.41)	(182.69)	(2.42)
CAD	(0.03)	(0.00)	-	-
Net Exposure	1,572.04		977.20	

c) Foreign currency sensitivity analysis
The Company is mainly exposed to currency fluctuation of USD and Euro.
The following table details the Company's sensitivity to a 10% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the INR strengthens 10% against the relevant currency. For a 10% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balance below would be negative.

	Impact in the statement of profit and loss and total equity	
10% Increase in foreign currency	As at 31 March 2021	As at 31 March 2020
Euro (Currency of Europe)	0.60	2.19
USD (Currency of U.S.A)	156.60	95.51
Others	-*	0.02

10% decrease in foreign currency	As at 31 March 2021	As at 31 March 2020
Euro (Currency of Europe)	(0.60)	(2.19)
USD (Currency of U.S.A)	(156.60)	(95.51)
Others	-*	(0.02)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.
* Represents amount lower than Rs.10,000

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47.6 Financial instrument - risk exposure and fair value

Interest rate risk exposure

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's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments are as follows:

	As at 31 March 2021	As at 31 March 2020
Fixed-rate instruments		
Financial assets		
-Margin money deposit	21.17	83.38
	21.17	83.38
Financial liabilities		
-Borrowings from others	1.28	2.00
	1.28	2.00
Variable-rate instruments		
Financial liabilities		
-Borrowings from bank	380.96	944.84
-Borrowings from others	2,207.30	1,318.05
Total	2,588.26	2,262.89

Interest rate sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Effect	**Profit and Loss**	
	100 bps increase	**100 bps decrease**
31 March 2021		
Variable-rate instruments	(25.88)	25.88
	(25.88)	25.88
31 March 2020		
Variable-rate instruments	(22.63)	22.63
	(22.63)	22.63

47.7 Capital management

For the purpose of Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity share holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. As at 31st March 2021, there is no breach of covenant attached to the borrowings.

The Company manages its capital to ensure that entities in the company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (offset by cash and bank balances) and total equity of the Company.
The Company's gearing ratio is as follows :

	As at 31 March 2021	As at 31 March 2020
(i) Debt (refer note (i) below)	2,589.54	2,264.89
(ii) Cash and cash equivalents	13.54	109.93
(iii) Other bank balances (Margin Money)	21.17	68.33
(iv) Current investment	-	151.33
Net debt [(i) - { (ii)+(iii)+(iv) }]	2,554.83	1,935.30
Total equity	4,952.25	4,647.55
Gearing ratio (Refer note (ii) below)	**51.59%**	**41.64%**

Notes

(i) Debt is defined as long-term (including current maturity of long-term borrowings excluding financial guarantee contracts) and short-term borrowings.

(ii) Gearing ratio : Net debt / Equity.

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48.Share-based payment arrangements

A.Employees Stock Option Plan:

Pursuant to the Employees Stock Options plan established by the holding company (i.e. Sequent Scientific Limited), stock options were granted to the employees of the Company.

Grant Date	No. of Options	Vesting conditions	Contractual life of the options vesting Period
11 January 2016 (*)	350,000	The options granted would normally vest over a maximum period of 4 years from the date of the grant in proportions specified in 'SeQuent ESOP 2010' scheme	5 years
14 May 2016	125,000		
23 May 2017	50,000		
02 November 2018	2,325,000		
03 July 2019	500,000		
21 September 2020	70,900	Option granted would vest over a maximum period of 1 years from the date of the grant	1 year
01 March 2021	3,450,000	The options granted would normally vest over a maximum period of 5 years from the date of the grant in proportions specified in 'SeQuent ESOP 2020' scheme.	6 Years

* Pursuant to sub-division of 1 equity share of Rs.10 each into 5 equity shares of Rs 2 each on 26 February 2016, the no. of options have been adjusted proportionately.

The expense on Employee Stock Option plan debited to the statement of profit and loss during 2020-21 is Rs. 54.81 (31 March 2020 : Rs. 32.17) including exceptional item of Rs. 18.13 . The entire amount pertains to equity-settled employee share-based payment plans.

B.Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option programmes were as follows:

	31 March 2021		31 March 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Employees Stock Option Plan:				
Option outstanding at the beginning of the year	2,009,750	40.00	2,696,000	46.47
Granted during the year	3,520,900	85.07	500,000	40.00
Exercised during the year	1,689,750	40.00	409,000	40.00
Cancelled during the year	-	-	327,250	87.00
Forfeited during the year	216,100	44.57	450,000	44.57
Options outstanding at the end of the year	**3,624,800**	**84.77**	**2,009,750**	**40.00**

C. Share options exercised during the year

The following share options were exercised during the year:

Option series	Number exercised	Exercise date	Share price at exercise date
1. Granted on 02 November 2018	31,250	21 April 2020	71.33
2. Granted on 02 November 2018	49,000	10 July 2020	93.00
3. Granted on 03 July 2019	80,250	10 July 2020	93.00
4. Granted on 02 November 2018	1,243,250	21 September 2020	142.13
5. Granted on 03 July 2019	243,000	21 September 2020	142.13
6. Granted on 02 November 2018	18,750	02 November 2020	140.53
7. Granted on 03 July 2019	14,250	02 November 2020	140.53
8. Granted on 02 November 2018	10,000	01 January 2021	170.63

D. Share options exercised at the end of the year

The share option outstanding at the end of the year had a weighted average exercise price of Rs. 84.77 (31 March 2020 : Rs 40.00) and weighted average remaining contractual life of 3.50 years (31 March 2020: 3.74 years).

E. Pursuant to Share Purchase Agreement entered between Agnus Holdings Private Limited and other promoters and CA Harbor Investments (Carlyle Group), Carlyle Group has acquired 53.02% shareholding of the holding company.

The transfer of control to Carlyle Group has resulted into following events -

(a) Accelerated vesting of unvested employee stock options and accordingly during the year the Company had provided for this cost in the current year on an accelerated basis amounting to ₹ 18.13 and

(b) The Company during the year, has announced a one-time bonus to the existing employees not covered by ESOP Scheme of ₹ 6.22.

and hence, the above expenses have being disclosed as exceptional items.

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49 Transfer pricing

In respect of Transfer pricing regulations under Section 92 to 92F of the Indian Income Tax Act, 1961, the Management confirms that its international transactions and Specified Domestic Transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for tax.

50 Following outbreak of COVID-19 pandemic globally and in India, the Company has adopted measures to curb the spread of infections in order to protect health of its employees and business continuity with minimal disruption. Considering that the Company is in business of Animal Health Care which is considered to be an essential service, the Company's operations do not have any significant impact as all its plants are operating and sales are continuing. The Company's management, based on internal and external information available, has assessed its impact on carrying value of receivables and investments. The impact of the global health pandemic may be different from that estimate as at the date of approval of these financial statements and the management will continue to closely monitor any material changes to future economic condition.

51 Exports incentives are recognised based on certainty of receipt. During the year ended 31 March 2020, an amount of Rs 39.80 of export incentive income pertaining to past invoices has been recognised as attached condition of certainty is met.

52 Government of India vide press release dated 31 December 2020 introduced the benefit of the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) to all export goods with effect from 01 January 2021. With the introduction of the RoDTEP scheme, the benefit of Merchandise Exports from India Scheme (MEIS) stood withdrawn wef 01 January 2021. Considering that the rates of RoDTEP are yet to be notified, the Company has not accrued income relating to benefits of RoDTEP scheme for the period 01 January 2021 to 31 March 2021.

53 The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

54 During the closing for the year ended March 31, 2021 ("Current Financial Year"), the Management detected the following viz.

a. certain instances, wherein revenue in respect of certain sales transactions of the Company was recognized on dates earlier to those allowed by the Company's revenue recognition policy, and

b. certain instances of modifications to certain underlying documents relating to revenue recognition, leading to non-adherence with the Company' accounting policy and processes.

The Management performed a detailed review including examination by an external independent agency and traced all cases of such non-adherence during the Current Financial Year. This revealed that (i) in respect of sales transactions aggregating Rs. 326.46, revenue was recognized on dates earlier to those allowed by the Company's revenue recognition policy, although all such recognition of revenue was within the Current Financial Year and (ii) in respect of sales transactions aggregating Rs. 76.54, the recognition of revenue (initially sought to be recognized in the Current Financial Year) was deferred in line with the Company's revenue recognition policy to the next financial year.The Company has corrected the processes leading to such non-adherence related to revenue recognition and will continue to strengthen internal control system further and therefore does not expect any continuing impact.

55 The financial statements were approved for issue by the Board of Directors on 30 June 2021.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number: 324982E / E300003

Per Vikas Kumar Pansari
Partner
Membership No: 93649

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Mumbai, 30 June 2021

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Manish Gupta
Managing Director &
Chief Executive Officer
DIN: 06805265

Sharat Narsapur
Joint Managing
Director
DIN: 02808651

Tushar Mistry
Chief Financial Officer

Abhishek

Abhishek Joshi
Company Secretary
Membership No: A61862

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