Statutory Audit

31 March 2020

Panacea Biotec Pharma Limited

Independent Auditor's Report

To the Members of Panacea Biotec Pharma Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Panacea Biotec Pharma Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period from 22 March 2019 to 31 March 2020 then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020 and its loss (including other comprehensive income), its cash flows and the changes in equity for the period ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing 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 Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the 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 opinion.

Material Uncertainty Related to Going Concern

4. We draw attention to Note 41 and Note 43 to the accompanying financial statements which indicates that the Company has incurred a net loss of Rs. 197.40 million during the period ended 31 March 2020 and as of that date, the Company's current liabilities exceeded its current assets by Rs. 1,200.47 million. Further, aforesaid note also describes the uncertainties due to the outbreak of COVID - 19 pandemic and management's evaluation of the impact on the financial statements of the Company as at the balance sheet date. These factors and conditions along with other matters as set forth in Note 41 and Note 43 indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, based on the future projections which is dependent on certain assumptions and estimates, support from the Holding Company, Panacea Biotech Limited, the management considers the use of going concern appropriate. Our opinion is not modified in respect of this matter.

Information other than the Financial Statements and Auditor's Report thereon

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

DASS GUPTA & ASSOCIATES CHARTERED ACCOUNTANTS NEW DELHI

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

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

11. 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.

Report on Other Legal and Regulatory Requirements

12. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the period ended 31 March 2020. Accordingly, reporting under section 197(16) of the Act is not applicable.

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

14. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;

    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 financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

    e) the matter described in paragraph 4 under the 'Material Uncertainty Related to Going Concern' section, in our opinion, may have an adverse effect on the functioning of the Company;

    f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;

    g) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the period ended on that date and our report dated 29 June 2020 as per Annexure B expressed unmodified opinion; and

    h) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company does not have any pending litigation which would impact its financial position as at 31 March 2020;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended 31 March 2020; and

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Independent Auditor's Report of even date to the members of Panacea Biotec Pharma Limited on the Financial Statements for the period 22 March 2019 to 31 March 2020 (Cont'd)

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam

Anupam Kumar
Partner
Membership No.: 501531

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

UDIN No.: 20501531AAAACZ5949

Place: New Delhi
Date: 29 June 2020

Address:

21st floor, DLF Square,
Jacaranda Marg,
DLF Phase II,
Gurgaon, Haryana 122002

For **Dass Gupta & Associates**
Chartered Accountants
Firm's Registration No.: 000112N

Pankaj

Pankaj Mangal
Partner
Membership No.: 097890

DASS GUPTA & ASSOCIATES CHARTERED ACCOUNTANTS * NEW DELHI *

UDIN No.: 20097890AAAABA5996

Place: New Delhi
Date: 29 June 2020

Address:

NDG Center B-4,
Gulmohar Park,
New Delhi - 110049

Annexure A to the Independent Auditor's Report of even date to the members of Panacea Biotec Pharma Limited, on the financial statements for the period 22 March 2019 to 31 March 2020

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment;

(b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the period and no material discrepancies were noticed on such verification; and

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company except for the following property which was transferred as a result of slump sale as stated in note 42 to the financial statements wherein the tittle deeds are in the name of the erstwhile company:

Nature of property	Total number of cases	Whether leasehold / freehold	Gross block as on 31 March 2020 (Rs. in million)	Net block as on 31 March 2020 (Rs. in million)	Remarks
Land	1	Freehold	145.53	145.53	Transferred by execution of conveyance deed

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the period and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of 186 of the Act in respect of security. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, investments and guarantees.

(v) In our opinion, 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 sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the period-end for a period of more than six months from the date they become payable.

DASS GUPTA & ASSOCIATES CHARTERED ACCOUNTANTS NEW DELHI

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

Responsibilities of Management and Those Charged with Governance for the Financial Statements

6. The accompanying financial statements have been approved by the Company's Board of Directors. 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

    - Identify and assess the risks of material misstatement of the 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 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 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; and

DASS GUPTA & ASSOCIATES CHARTERED ACCOUNTANTS NEW DELHI

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

Annexure A to the Independent Auditor's Report of even date to the members of Panacea Biotec Pharma Limited, on the financial statements for the period 22 March 2019 to 31 March 2020 (Cont'd)

(b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company has no loans or borrowings payable to any financial institution or a bank or government. The Company has not defaulted in repayment of any dues to debenture-holders during the period.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the period. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the Company is not required to constitute audit committee under Section 177 of the Act.

(xiv) During the period, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam

Anupam Kumar
Partner
Membership No.: 501531

UDIN No.: 20501531AAAACZ5949

Place: New Delhi
Date: 29 June 2020

Address:

21st floor, DLF Square,
Jacaranda Marg,
DLF Phase II,
Gurgaon, Haryana 122002

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

For **Dass Gupta & Associates**
Chartered Accountants
Firm's Registration No.: 000112N

Pankaj

Pankaj Mangal
Partner
Membership No.: 097890

DASS GUPTA ASSOCIATES CHARTERED ACCOUNTANTS * NEW DELHI *

UDIN No.: 20097890AAAABA5996

Place: New Delhi
Date: 29 June 2020

Address:

NDG Center B-4,
Gulmohar Park,
New Delhi - 110049

Annexure B to the Independent Auditor's Report of even date to the members of Panacea Biotec Pharma Limited on the financial statements for the period 22 March 2019 to 31 March 2020

Annexure B

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Panacea Biotec Pharma Limited ('the Company') as at and for the period 22 March 2019 to 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the 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 financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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.

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

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to 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 controls with reference to financial statements include 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.

DASS GUPTA & ASSOCIATES CHARTERED ACCOUNTANTS NEW DELHI

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

Annexure B to the Independent Auditor's Report of even date to the members of Panacea Biotec Pharma Limited on the financial statements for the period 22 March 2019 to 31 March 2020 (Cont'd)

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, 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 the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Anupam Kumar
Partner
Membership No.: 501531

UDIN No.: 20501531AAAACZ5949

Place: New Delhi
Date: 29 June 2020

Address:

21st floor, DLF Square,
Jacaranda Marg,
DLF Phase II,
Gurgaon, Haryana 122002

For **Dass Gupta & Associates**
Chartered Accountants
Firm's Registration No.: 000112N

Pankaj

DASS GUPTA & ASSOCIATES CHARTERED ACCOUNTANTS * NEW DELHI *

Pankaj Mangal
Partner
Membership No.: 097890

UDIN No.: 20097890AAAABA5996

Place: New Delhi
Date: 29 June 2020

Address:

NDG Center B-4,
Gulmohar Park,
New Delhi - 110049

Panacea Biotec Pharma Limited

Balance Sheet as at March 31, 2020

(Rs. in million)

	Note No.	As at March 31, 2020
ASSETS		
Non-current assets		
a) Property, plant and equipment	2.1	1,700.28
b) Capital work-in-progress	2.2	29.30
c) Intangible assets	2.3	1.13
d) Intangible assets under development	2.4	144.16
e) Right of use assets	31	245.65
e) Financial assets		
(i) Loans	3	0.74
(ii) Other financial assets	4	0.07
f) Other non-current assets	5	1.67
Total non-current assets		**2,123.00**
Current assets		
a) Inventories	6	481.64
b) Financial assets		
(i) Trade receivables	7	620.75
(ii) Cash and cash equivalents	8	41.18
(iii) Other bank balances	9	38.38
(iv) Loans	10	30.67
c) Other current assets	11	229.25
Total current assets		**1,441.87**
Total assets		**3,564.87**
EQUITY AND LIABILITIES		
Equity		
a) Equity share capital	12	1.00
b) Other equity	13	(6,047.98)
Total equity		**(6,046.98)**
Liabilities		
Non-current liabilities		
a) Financial liabilities		
(i) Borrowings	14	5,770.00
(ii) Other financial liabilities	15	1,034.21
b) Provisions	16	165.30
Total non-current liabilities		**6,969.51**
Current liabilities		
a) Financial liabilities		
(i) Trade payables	17	
- Outstanding dues of micro, small and medium enterprises		-
- Outstanding dues of creditors other than above		725.17
(ii) Other financial liabilities	18	1,761.62
b) Other current liabilities	19	112.57
c) Provisions	20	42.98
Total current liabilities		**2,642.34**
Total equity and liabilities		**3,564.87**
Summary of significant accounting policies	1	

The accompanying notes 1 to 45 are an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Anupam Kumar
Partner
Membership No. 501531

Place : New Delhi
Date : June 29, 2020

For Dass Gupta & Associates
Chartered Accountants
Firm Registration No. 000112N

Pankaj Mangal
Partner
Membership No. 097890

For and on behalf of Board of Directors of Panacea Biotec Pharma Limited

Dr. Rajesh Jain
Managing Director
(DIN 00013053)

Mr. Ankesh Jain
Director
(DIN 03556647)

Panacea Biotec Pharma Limited

Statement of Profit and Loss for the period from March 22, 2019 to March 31, 2020

(Rs. in million)

	Note No.	Period from March 22, 2019 to March 31, 2020
Income		
Revenue from operations	21	462.98
Other income	22	83.92
Total income		**546.90**
Expenses		
Cost of materials consumed	23	114.95
Purchase of traded goods		231.71
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(245.08)
Employee benefits expense	25	169.89
Finance costs	26	294.88
Depreciation and amortisation expense	27	32.79
Other expenses	28	151.42
Total expenses		**750.56**
Loss before tax		**(203.66)**
Tax expense		
Current tax		-
Deferred tax	30	(6.26)
Total tax expense		**(6.26)**
Loss for the period		**(197.40)**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurements of net defined benefit plans		17.90
Income tax on above		(6.26)
Total other comprehensive income/(loss) (net of tax)		**11.64**
Total comprehensive income/(loss) for the period		**(185.76)**
Earnings per equity share (face value of Re. 1 each)	29	
- Basic and diluted earnings/(loss) per equity share (in Rs.)		(197.40)
Summary of significant accounting policies	1	

The accompanying notes 1 to 45 are an integral part of the financial statements.
This is the Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Anupam Kumar
Partner
Membership No. 501531

For Dass Gupta & Associates
Chartered Accountants
Firm Registration No. 000112N

Pankaj Mangal
Partner
Membership No. 097890

For and on behalf of Board of Directors of Panacea Biotec Pharma Limited

Dr. Rajesh Jain
Managing Director
(DIN 00013053)

Mr. Ankesh Jain
Director
(DIN 03556647)

Place : New Delhi
Date : June 29, 2020

Panacea Biotec Pharma Limited
Cash Flow Statement for the period from March 22, 2019 to March 31, 2020
(Indirect method)

(Rs. in million)

		Note No.	Period from March 22, 2019 to March 31, 2020
A.	**Cash flow from operating activities**		
	Loss before tax		(203.66)
	Adjustment for		
	Depreciation and amortisation expense		32.79
	Finance costs		294.88
	Interest income		(0.12)
	Unrealized foreign exchange loss (net)		(3.61)
	Operating profit before working capital changes		**120.28**
	Changes in working capital		
	Inventories		1.30
	Trade receivables		118.90
	Other financial assets		2.60
	Loans		(0.77)
	Other current assets		15.43
	Trade payables		(49.91)
	Other financial liabilities		(5.69)
	Other current liabilities		105.80
	Provisions		21.89
	Cash flow from operating activities post working capital changes		**329.83**
	Income tax (paid)/refund (net)		(0.04)
	Net cash flow from operating activities (A)		**329.79**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets (including capital work in progress, intangibles under development, capital advances)		(37.46)
	Purchase of pharma business through slump sale		0.10
	Interest received		0.11
	Investments in bank deposits having original maturity of more than three months		(38.38)
	Net cash used in investing activities (B)		**(75.63)**
C.	**Cash flow from financing activities**		
	Proceeds from issue of share capital		1.00
	Repayment of non-current borrowings		(129.86)
	Interest paid		(84.12)
	Net cash used in financing activities (C)		**(212.98)**
	Increase /(Decrease) in net cash and cash equivalents (A+B+C)		41.18
	Cash and cash equivalents at the beginning of the period		-
	Cash and cash equivalents at the end of the period (refer note 8)		**41.18**
	Summary of significant accounting policies	1	

The accompanying notes 1 to 45 are an integral part of the financial statements.
This is the Cash Flow Statement referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Anupam Kumar
Partner
Membership No. 501531

For Dass Gupta & Associates
Chartered Accountants
Firm Registration No. 000112N

Pankaj Mangal
Partner
Membership No. 097890

For and on behalf of Board of Directors of Panacea Biotec Pharma Limited

Dr. Rajesh Jain
Managing Director
(DIN 00013053)

Mr. Ankesh Jain
Director
(DIN 03556647)

Place : New Delhi
Date : June 29, 2020

Panacea Biotec Pharma Limited

Statement of Changes in Equity for the period from March 22, 2019 to March 31, 2020

A. Equity share capital

(Rs. in million)

Balance as on the date incorporation	-
Change during the period	1.00
Closing balance as at March 31, 2020	**1.00**

B. Other equity

(Rs. in million)

	Reserves and surplus		
	Capital Reserve	Retained earnings	Total
Balance as on the date incorporation	-	-	-
Loss for the period	-	(197.40)	**(197.40)**
Other comprehensive income for the period (net of tax)	-	11.64	**11.64**
Total comprehensive income/(loss) for the period	-	**(185.76)**	**(185.76)**
Adjustment on account of slump sale (refer note 42)	(5,862.22)	-	**(5,862.22)**
Balance as at March 31, 2020	**(5,862.22)**	**(185.76)**	**(6,047.98)**
Summary of significant accounting policies (Refer note 1)			

The accompanying notes 1 to 45 are an integral part of the financial statements.
This is the Statement of Changes in Equity referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Anupam Kumar
Partner
Membership No. 501531

Place : New Delhi
Date : June 29, 2020

For Dass Gupta & Associates
Chartered Accountants
Firm Registration No.000112N

Pankaj Mangal
Partner
Membership No. 097890

For and on behalf of Board of Directors of Panacea Biotec Pharma Limited

Dr. Rajesh Jain
Managing Director
(DIN 00013053)

Mr. Ankesh Jain
Director
(DIN 03556647)

Panacea Biotec Pharma Limited
Summary of significant accounting policies for the period from March 22, 2019 to March 31, 2020

1. Corporate information

Panacea Biotec Pharma Limited (Corporate identification number: U24299DL2019PLC347566) ("PBPL" or "the Company") was incorporated on March 22, 2019 as a public company, domiciled in India. The Company is engaged in manufacturing and sales of branded pharmaceutical formulations. The Company has its registered office and place of business at B-1 Extension/A-27, Mohan Co-operative Industrial Estate, Mathura Road New Delhi – 110044, India. The Company is a wholly owned subsidiary of Panacea Biotec Limited ("PBL" or the Holding Company").

1.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional and presentation currency.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- Defined benefit plans – plan assets measured at fair value.

The financial statements of the Company for the period ended March 31, 2020 were approved and authorised for issue by Board of Directors in their meeting held on June 29, 2020. The Board of Directors can permit revisions to these financial statements after obtaining necessary approvals or at the instance of regulatory authorities, as per provisions of the Act.

New and amended standards adopted by the Company:

On March 30, 2019, the Ministry of Corporate Affairs ("MCA") notified Ind AS 116 - Leases as part of the Companies (Indian Accounting Standards) Amendment Rules, 2019. Ind AS 116 - Leases replaces the existing standard on leases, i.e., Ind AS 17 - Leases, effective for accounting periods beginning on or after April 01, 2019.

The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained.

The Company has applied Ind AS 116 - Leases for the current reporting period, as described in more detail in Note 31.

1.2 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.3 Significant accounting policies

The significant accounting policies that are used in the preparation of these financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the financial statements.

a) 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 treated as current when:

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

The Company classifies all other liabilities as non-current.

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

*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.

b) Inventory

Inventories are valued as follows:

Raw material, components, stores and spares

Raw materials (including packing materials), components, stores and spares are valued at lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis. Stores and spares having useful life of more than twelve months are capitalised as "Property, plant and equipment" and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16 - Property, Plant and Equipment.

Work in progress and finished goods

Work in progress and finished goods are valued at lower of cost or net realisable value. Cost includes raw material cost and a proportion of direct and indirect overheads up to estimated stage of completion. Cost is determined on a weighted average basis.

Traded goods

Traded goods are valued at lower of cost or net realisable value. Cost includes cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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

c) **Property, plant and equipment**

Recognition and initial measurement

All items of property, plant and equipment are initially measured at cost. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under non-current assets.
Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on the straight line method arrived on the basis of the useful life prescribed under Schedule II of the Act. The following useful life of assets has been determined by the Company:

Particulars	Useful life
Building – factory	30 years
Building – Non-factory	60 years
Plant and Equipment	15 years and 20 years
Furniture and fixtures	10 years
Vehicles	8 years
Office equipment	5 years
Computer equipment	3 years and 6 years

i) Freehold land has an unlimited useful life and therefore is not depreciated.
ii) Leasehold land is amortised over the period of lease
iii) Leasehold improvements are amortised over the initial period of lease or useful life, whichever is shorter.

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

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

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De-recognition
An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

d) Intangible assets
Recognition and initial measurement

Research and development costs
Expenditure on the research phase of projects is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Company can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use;
- its intention to complete the intangible asset and use or sell it;
- its 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
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria for capitalisation are expensed as incurred.
Directly attributable costs include employee costs incurred on development of prototypes along with an appropriate portion of relevant overheads and borrowing costs.

Other intangibles
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding product development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets under development are not amortized as these assets are not yet available for use. These assets are evaluated for potential impairment on an annual basis or when there are indications that the carrying value is not recoverable.

Subsequent measurement (Amortisation and useful lives)
All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date and any change in the same is accounted for prospectively. The following useful lives are applied:

Intangible assets	Amortisation period
Patents, trademarks and designs	7 years
Product development	5 years
Technical know-how	5 years
Software	5 years
Websites	2 years

De-recognition
Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

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e) Assets classified as held-for-sale

Assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not depreciated or amortised. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised. Assets classified as held-for-sale are presented separately from other assets in the balance sheet. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the balance sheet.

f) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the statement of profit and loss.

Impairment losses recognised are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 loss had been recognised.

g) Borrowing costs

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

h) Foreign currency transactions and balances

Initial recognition

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition.

Subsequent measurement

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss in the year in which they arise.

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

Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.

All other exchange differences are charged to the statement of profit and loss.

i) **Leases**
Applicable with effect from April 1, 2019

As a lessee
The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

a. Fixed payments, including in-substance fixed payments;
b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c. Amounts expected to be payable under a residual value guarantee; and
d. The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

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When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property separately and lease liabilities in 'loans and borrowings' in the statement of financial position. (Refer note 31)

Short-term leases and leases of low-value assets The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

j) 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

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.

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

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

k) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable, exclusive of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as Goods and Services Tax ("GST"). The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

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The Company applies the revenue recognition criteria to each separately identifiable component of the Revenue transaction as set out below:

Sale of goods
Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is neither continuing managerial involvement with the goods nor effective control over the goods sold, it is probable that economic benefits will flow to the Company, the costs incurred or to be incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably.

Revenue from services rendered is recognised in the statement of profit and loss over the period the underlying services are performed.

Dividend income
Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

Interest income
Interest income is recorded on accrual basis using the effective interest rate ("EIR") method.

l) **Financial instruments**
Recognition and initial measurement
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement
Financial assets
i. **Financial assets carried at amortised cost** – A financial instrument is measured at amortised cost if both the following conditions are met:
   - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
   - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

   After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. **Investments in equity instruments of subsidiaries and joint ventures** - Investments in equity instruments of subsidiaries and joint ventures are accounted for at cost in accordance with Ind AS 27 - Separate Financial Statements.

iii. **Financial assets at fair value**
   - **Investments in equity instruments other than above** – Investments in equity instruments which are held for trading are generally classified as at fair value through profit or loss ("FVTPL"). For all other equity instruments, the Company makes irrevocable choice upon initial recognition, on an instrument to instrument basis, to classify the same either as at fair value through other comprehensive income ("FVOCI") or fair value through profit or loss FVTPL.

     If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company transfers the cumulative gain or loss within equity. Dividends on such investments are recognised in the

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statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

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

De-recognition of financial assets
A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities
Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are subsequently measured at amortised cost using the effective interest method.

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

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

Impairment of financial assets
The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 37 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 - Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

m) Post-employment and other employee benefits
Provident fund
Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Company has no obligation other than the contribution payable to the Provided Fund. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the gratuity plan (administered through the Life Insurance Corporation of India), which is a defined benefit plan, is calculated by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined on the

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basis of actuarial valuation using the projected unit credit method. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

Compensated absences
Compensated absences, which are expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats compensated absences expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Other short-term benefits
Expense in respect of other short-term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employees.

n) Earnings per share
Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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

o) Taxes
Tax expense recognized in the statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with the applicable tax regulations. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the statement of profit and loss and presented as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognized to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or

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substantively enacted at the reporting date. Deferred tax relating to items recognized outside statement of profit and loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity).

p) Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all the conditions.

Government grants related to the income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the cost that are intended to compensate and presented within other income.

Government grants related to property, plant and equipment are included in the non-current liabilities as deferred income and are credited to profit and loss on a straight line basis over the expected life of the related assets and presented within other income.

q) Cash and cash equivalents

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

r) Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of past events will probably lead to an outflow of economic resources from the Company and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the best estimate of expenditure required to settle the present obligation at the reporting date, based on the most reliable evidence, including the risks and uncertainties associated with the present obligation.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the balance sheet.

Any amount that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset up to the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognized in the financial statements.

1.4 Significant management judgments in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

Significant management judgments

Research and developments costs - Management monitors progress of internal research and development projects by using a project management system. Significant judgment is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

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Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Provisions and contingencies – The Company creates a provision when there is a present obligation (legal/constructive) as a result of a past event that probably requires an outflow of resources 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 a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Significant estimates

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other property, plant and equipment.

Defined benefit obligation – Management's estimate of the Defined Benefit Obligations ("DBO") is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

1.5 Recent accounting pronouncements (Standard issued but not yet effective):

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

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2.1 Property, plant and equipment

(Rs. in million)

Description	Freehold land	Building	Plant and equipment	Furniture and fittings	Office equipment	Computer equipment	Total
Gross carrying value							
Balance as at beginning of the period	-	-	-	-	-	-	-
Additions on account of slump sale transaction (refer note 42)	145.53	683.52	841.20	11.43	4.27	3.34	1,689.29
Additions	41.60	-	-	-	-	-	41.60
As at March 31, 2020	**187.13**	**683.52**	**841.20**	**11.43**	**4.27**	**3.34**	**1,730.89**
Accumulated depreciation							
Balance as at beginning of the period	-	-	-	-	-	-	-
Charge for the period	-	4.81	25.03	0.58	0.06	0.13	30.61
As at March 31, 2020	-	**4.81**	**25.03**	**0.58**	**0.06**	**0.13**	**30.61**
Net block as at March 31, 2020	**187.13**	**678.71**	**816.17**	**10.85**	**4.21**	**3.21**	**1,700.28**

Notes :

Property, plant and equipment pledged as security: Refer note 34 for information on assets pledged and mortgaged as security.

2.2 Capital work-in-progress

(Rs. in million)

Description	Amount
Balance as at beginning of the period	-
Add: additions on account of slump sale transaction (refer note 42)	29.00
Add: addition during the period	0.30
As at March 31, 2020	**29.30**

Notes:

(i) The capital work-in-progress relates to construction and installation of property, plant and equipment.

(ii) Refer note 34 for information on assets pledged and mortgaged as security.

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2.3 Intangible assets

(Rs. in million)

Description	Patent, trademark and copyrights	Software	Total
Gross carrying value			
Balance as at beginning of the period	-	-	-
Additions on account of slump sale transaction (refer note 42)	0.08	1.17	1.25
Additions	-	-	-
As at March 31, 2020	0.08	1.17	1.25
Accumulated amortisation			
Balance as at beginning of the period	-	-	-
Charge for the period	-	0.12	0.12
As at March 31, 2020	-	0.12	0.12
Net block as at March 31, 2020	0.08	1.05	1.13

Note:
Refer note 34 for information on assets pledged and mortgaged as security.

2.4 Intangible assets under development

(Rs. in million)

Description	Amount
Balance as at beginning of the period	-
Add: additions on account of slump sale transaction (refer note 42)	144.16
As at March 31, 2020	144.16

Notes:
(i) The intangible assets under development relates to product registration and software.
(ii) Refer note 34 for information on assets pledged and mortgaged as security.

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	(Rs. in million) As at March 31, 2020
3 Loans (non-current)	
Unsecured, considered good	
Security deposits	0.74
Total	**0.74**

Note:
Refer note 36 and 37 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.

4 Other financial assets (non-current)	
Bank deposits with maturity of more than 12 months	0.07
Total	**0.07**

Notes:
(i) Fixed deposits amounting to Rs. 0.07 million are pledged/deposited with banks and various government authorities for tender, bank guarantee, margin money, etc.
(ii) Refer note 36 and 37 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.

5 Other non-current assets	
(Unsecured, considered good)	
Capital advances	1.63
Advance taxes (net of provisions)	0.04
Total	**1.67**

Note:
Refer note 34 for information on assets pledged and mortgaged as security.

6 Inventories	
(lower of cost or net realisable value)	
Raw materials (including packing materials)	214.79
Finished goods	155.63
Traded goods	37.26
Work-in-progress	52.19
Stores and spares	21.77
Total	**481.64**

Note:
Refer note 34 for information on assets pledged and mortgaged as security.

7 Trade receivables	
Unsecured, considered good	622.24
Unsecured, considered doubtful /credit impaired	19.47
	641.71
Less: allowance for expected credit loss	(20.96)
Total	**620.75**

Note:
Refer note 36 and 37 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.

8 Cash and cash equivalents	
Balances with banks in current accounts	40.96
Cash on hand	0.22
Total	**41.18**

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	(Rs. in million) As at March 31, 2020
9 Other bank balances	
Deposits with original maturity for more than 3 months but less than 12 months (refer note below)	38.38
Total	**38.38**

Note:
Fixed deposits amounting to Rs. 8.38 million are pledged/provided with banks and various government authorities for tender, bank guarantee, margin money, etc.

10 Loans (current)	
Unsecured, considered good	
Security deposits	19.49
Loan to employees	11.18
Total	**30.67**

Note:
Refer note 36 and 37 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.

11 Other current assets	
(Unsecured, considered good, unless otherwise stated)	
Prepaid expenses	36.90
Balances with statutory authorities	171.09
Advance to suppliers	
- considered good	21.26
- considered doubtful /credit impaired	29.97
	259.22
Less: allowance for doubtful advances /expected credit losses	(29.97)
Total	**229.25**

Note:
Refer note 34 for information on assets pledged and mortgaged as security.

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	(Rs. in million) As at March 31, 2020
12 Share capital	
(a) Authorised	
1,000,000 Equity Shares of Re. 1 each	1.00
	1.00
(b) Issued, subscribed and fully paid up	
1,000,000 Equity Shares of Re. 1 each	1.00
Total	**1.00**

(c) Terms/right attached to equity shares:

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board of Directors has not proposed any dividend for current period.

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. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

(d) Reconciliation of number of equity shares

	As at March 31, 2020	
	No. of shares	Rs. in million
Equity shares at the beginning of the period	-	-
Shares issued during the period	10,00,000	1.00
Equity shares at the end of the period	**10,00,000**	**1.00**

(e) Details of shareholders holding more than 5% of equity shares in the Company

	As at March 31, 2020	
	No. of shares	% holding
Panacea Biotec Limited (and its nominee), the Holding Company	10,00,000	100.00%

The above information has been furnished as per the shareholders' detail available with the Company at the period end.

(f) There are no shares issued pursuant to contract without payment being received in cash or allotted as fully paid up bonus shares and bought back in the current reporting period.

	(Rs. in million) As at March 31, 2020
13 Other equity*	
Reserves and surplus:	
Capital reserve	(5,862.22)
Retained earnings	(185.76)
Total	(6,047.98)

* For changes in balances of reserves, refer to the Statement of Changes in Equity.

Nature and purpose of reserves

Capital reserve: Created pursuant to the transfer of pharmaceutical business from PBL under slump sale, refer note 42.

Retained earnings: Represents the profit/(loss) that the Company has incurred till date.

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		(Rs. in million) As at March 31, 2020
14	**Borrowings (non-current)**	
	Non-convertible debentures, secured	
	NCD Series 1A	
	India Resurgence Fund	
	Scheme-1 (1,140.20 debentures of face value of Rs. 100,000 each)	114.02
	Scheme-2 (5,864 debentures of face value of Rs. 100,000 each)	586.40
	Piramal Enterprises Limited (1,140.20 debentures of face value of Rs. 100,000 each)	114.02
	NCD Series 1B	
	India Resurgence Fund	
	Scheme-1 (8,078 debentures of face value of Rs. 100,000 each)	807.80
	Scheme-2 (41,544 debentures of face value of Rs. 100,000 each)	4,154.40
	Piramal Enterprises Limited (8,078 debentures of face value of Rs. 100,000 each)	807.80
	NCD Series 2	
	India Resurgence Fund	
	Scheme-1 (574 debentures of face value of Rs. 100,000 each)	57.40
	Scheme-2 (2,952 debentures of face value of Rs. 100,000 each)	295.20
	Piramal Enterprises Limited (574 debentures of face value of Rs. 100,000 each)	57.40
		6,994.44
	Less: current maturities of non-current borrowings (disclosed under note 18)	(1,224.44)
	Total	**5,770.00**

Notes :

Non-convertible debentures (NCDs)

During the period under audit, Panacea Biotec Limited ("the Holding Company"):

1 signed investment agreements with India Resurgence Fund ('IndiaRF'), promoted by Piramal Enterprises Limited and Bain Capital Credit, along with its affiliates (Investors) for obtaining long term funds of upto Rs. 9,920 million, consequent to approval from shareholders in general meeting held on March 25, 2019. This investment was structured by way of subscription to Non-Convertible Debentures ('NCDs') of up to Rs. 8,640 million and subscription amount of Rs. 320 million towards share warrants to be allotted on a preferential basis. The subscription amount represents 25% of total amount of Rs. 1,280 million proposed to be raised upon issuance of equity shares against warrants as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('ICDR Regulations'). Upon exercise of conversion rights in the warrants, IndiaRF (along with its affiliates) will collectively own 10.4% stake in the equity share capital of the Company on a fully diluted basis;

2 issued and allotted 74,300 unrated, unlisted, redeemable NCDs, having the face value of Rs. 1 lakh each, aggregating to Rs. 7,430.0 million under Series 1B, Series 2 and Series 1A NCDs to the lenders; The NCD Series 1B, 2 and 1A have maturity period of 60 months, 18 months and 12 months respectively from the date of allotment of April 07, 2019. These NCDs are secured by way of first pari-passu charge over entire fixed assets and current assets of Panacea Biotec Ltd ("the Holding Company") and Panacea Biotec Pharma Limited ("the Company"). The NCDs are additionally secured by way of (a) personal guarantees of Dr. Rajesh Jain, Mr. Sandeep Jain and Mr. Ankesh Jain; (b) pledge of 39,776,227 equity shares held by the promoters and promoter group members; and (c) pledge of equity shares of the Company held by the Holding Company;

3 Pursuant to the purchase of pharmaceutical formulations business as a going concern by way of slump sale from Holding Company, the above NCDs have been extinguished and novated in the Company as a part of the transfer of said Business. Refer note 42.

4 The details of the immovable properties of the Holding Company and the Company are mortgaged in favour of Vistra (ITCL) India Limited (acting as trustee on behalf of the NCD holders, to secure the NCDs as under:

(a). All parcels of land admeasuring 161 Bighas, 18 Biswas and 10 Biswasi situated at Village Samelheri, Tehsil Derabassi, District S.A.S. Nagar (Mohali), Punjab;

(b). All parcels of land admeasuring 26 Bighas 3 biswas comprised in various Khewat/Khatoni Numbers, situated at Village Manpura, Tehsil Baddi, District Solan, Himachal Pradesh;

(c). All parcels of land admeasuring 91 Bighas 1 Biswa (including 58 Bighas 6 Biswa transferred to the Company vide deed of conveyance dated Feburary 04, 2020), comprised in various Khewat/Khatoni Numbers situated at Village Malpur, Tehsil Baddi, District Solan, Himachal Pradesh;

(d). Flat number 3, 4, 203 and 303 situated at Elite Heights Apartment, at municipal no. 6-3-1238/15/1 & 6-3-1238/16 survey no. 32/1, at Somajiguda, Hyderabad, Telangana;

(e). Industrial plot no. A-24, A-25 and A-27 having land measuring 718.92 sq yds each at Block B-1 Extension and Industrial plot no. E-12 having land measuring 1,372.52 sq yds at Block B-1, situated at Mohan Co-operative Industrial Estate, Mathura Road, New Delhi;

(f). 80 flats, i.e., 20 flats comprising in block A-2 bearing no: 101 to 104, 201 to 201, 301 to 304, 401 to 404 & 501 to 504 each having super area 1495 sqft and 60 flats in block B-10, B-11, B-12 bearing no. 101 to 104, 201 to 201, 301 to 304, 401 to 404 & 501 to 504 each having super area 1161 sqft (30 flats) and super area 1186 sq ft (30 flats) in building built on land measuring 28 bigha 11 biswa in khewat khatoni no: 89/91 comprised in khasra no: 1747 (4-12), khewat khatoni no: 168/194 khasra no: 1970/1746 (1-15), 1971/1746 (3-0), 1748 (9-0) khewat khatoni no: 339/333 khasra no: 1749 (4-11), 1750 (5-13), kitas 6, village Bhatoli Kalan, Hadbast no. 214, Pargna Dharampura, Tehsil Baddi, District Solan, H.P.

(g). Flat no. 201 at Samarpan Complex, village Chakala, Taluka Andheri (East), Mumbai;

(h). Flat no. 401, 601 in A-wing and Flat no. 214 in C-wing situated at Progressive's Signature Tower, plot no: 53/54 sector-6, Ghansoli, Navi Mumbai;

(i). Residential premises no. 703, 704, 903, 904 and 1001 to 1004 in wing "B" of Sagar Heights Building F; and Commercial premises no. 707 to 712, 714 to 718, 808 to 812 and 814 to 818 in Sagar Tech Plaza- Building A, all situated at CTS no . 721/A, 721B, & 721/1 survey no: 14,15,2052, at village Mohili, Andheri Kurla Road, Andheri (East), Mumbai; and

(j). Industrial plot no. Gen-72/3, land measuring 5518 sqmts in the Trans Thane Creek Industrial Area, Navi Mumbai.

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(Rs. in million)

		As at March 31, 2020
15	**Other financial liabilities (Non-current)**	
	Interest accrued but not due on borrowings	812.05
	Lease liability	222.16
		1,034.21
16	**Non-current provisions**	
	Provision for gratuity	86.24
	Provision for compensated absences	79.06
	Total	165.30
	Note: Refer note 35 for disclosure of employee benefits	
17	**Trade payables**	
	Due to:	
	- micro, small and medium enterprises (refer note 32)	-
	- others	725.17
	Total	725.17
18	**Other financial liabilities (current)**	
	Current maturities of long-term borrowings	1,224.44
	Interest accrued but not due on borrowings	455.43
	Lease liability	26.61
	Deposits from trading agents	54.60
	Others	0.54
	Total	1,761.62

Notes:

(i) Refer note 36 and 37 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.

19	**Other current liabilities**	
	Advances from customers	97.96
	Statutory liabilities	14.61
	Total	112.57
20	**Provisions (current)**	
	Provision for compensated absences	42.98
	Total	42.98

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Panacea Biotec Pharma Limited
Notes to the financial statements for the period ended March 31, 2020

(Rs. in million)

		Period from March 22, 2019 to March 31, 2020
21	**Revenue from operations**	
	Sale of products (net)	
	Manufactured goods	462.96
	Other operating revenue	
	Scrap sale	0.02
	Total	**462.98**
A	**Revenue from contracts with customers disaggregated based on nature of products or services**	
	Revenue from sale of products	
	Pharma	462.96
	Other operating revenue	
	Scrap sales	0.02
	Total	**462.98**
B	**Revenue from contracts with customers disaggregated based on geography**	
	Domestic	462.98
	Total	**462.98**
C	**Reconciliation of gross revenue with the revenue from contracts with customers**	
	Gross revenue #	479.32
	Less: discounts	(16.34)
		462.98

Revenues are recorded at a point in time. The Company has no remaining performance obligations once the goods are delivered to the customer as per terms of the contract.

D	**Receivables, contract assets and contract liabilities from contracts with customers**	
	Trade receivables*	641.71
	Contract balances	
	– Advance from customers $	97.96
		739.67

* Trade receivables are non-interest bearing and are generally due within 30 to 180 days. There is no significant financing component in any transaction with the customers.

$ The movement of advance from customers during the period is as follows:	
Balance as at the beginning of the period	-
Additions on account of slump sale	6.77
Additions during the period	91.19
Adjustment during the period	-
Closing balance as at March 31, 2020	**97.96**

22	**Other income**	
	Interest income from instruments at amortised cost:	
	Bank deposits	0.11
	Others	0.01
	Others	
	Excess provisions/debt written back	78.71
	Lease rent	0.15
	Gain on foreign exchange transactions and translations (net)	3.71
	Miscellaneous	1.23
	Total	**83.92**

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(Rs. in million)

	Period from March 22, 2019 to March 31, 2020
23 Cost of materials consumed	
Raw materials and packing materials	
Opening stock	-
Add : Purchases during the period	329.74
	329.74
Less : Closing stock	214.79
Total	**114.95**
24 Changes in inventories of finished goods, stock in trade and work-in-progress	
Opening Stock	
Finished goods	-
Work-in-progress	-
Total	-
Closing stock	
Finished goods	192.89
Work-in-progress	52.19
Total	245.08
Changes in inventories (Increase/Decrease)	
Finished goods	(192.89)
Work-in-progress	(52.19)
Total	**(245.08)**
25 Employee benefits expense	
Salary and wages	161.35
Contribution to provident and other funds (refer note 35)	5.69
Staff welfare expenses	2.85
Total	**169.89**
26 Finance costs	
Interest expense	294.83
Other borrowing costs	0.05
Total	**294.88**
27 Depreciation and amortisation expense	
Depreciation on tangible property, plant and equipment	30.61
Depreciation on right of use assets	2.06
Amortisation of intangible assets	0.12
Total	**32.79**

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WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

(Rs. in million)

		Period from March 22, 2019 to March 31, 2020
28	**Other expenses**	
	Analytical testing and trial	1.71
	Advertising and sales promotion	28.80
	Contract manufacturing	0.00
	Consumption of stores and spares	5.08
	Commission on sales	15.03
	Freight and forwarding	3.37
	Insurance	6.43
	Legal and professional	12.18
	Power and fuel	14.99
	Printing and stationery	0.69
	Postage and communication	2.13
	Payment to auditors - audit fee	2.00
	Repair and maintenance :	
	Buildings	0.85
	Plant and machinery	3.25
	Others	4.67
	Rent	5.43
	Rates and taxes	7.47
	Staff training and recruitment	1.90
	Travelling and conveyance	11.50
	Vehicle running and maintenance	1.43
	Subscription	0.24
	Meetings and conferences	16.55
	Security charges	1.08
	Office expenses	0.60
	Miscellaneous	4.04
	Total	**151.42**
29	**Earnings per share**	
	Loss attributable to shareholders	(197.40)
	Weighted average number of equity shares (in nos.)	10,00,000
	Face value per equity share (in Rs.)	10.00
	Loss per equity share	
	- Basic and diluted earnings/(loss) per equity share (in Rs.)	(197.40)

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	(Rs. in million) Period from March 22, 2019 to March 31, 2020
30 Income tax	
Income tax expense consists of the following:	
Current Tax	-
Deferred tax	
Deferred tax expense/(credit)	-
Total income tax	-
Reconciliation of the estimated tax expense at statutory income tax rate to income tax expense reported in the Statement of Profit and Loss is as follows:	
Profit/(loss) before income taxes from continuing operations	(203.66)
At Company's statutory income tax rate of 25.17%	(51.26)
Adjustments in respect of current income tax	
Deferred tax not created on unused losses	51.26
Total	-

Note:
Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 issued on September 20, 2019, corporate assesses have been given the option to apply lower income tax rate with effect from April 01, 2019, subject to certain conditions specified therein. The Company has carried out an evaluation and based on its forecasted profits, believes it will be beneficial for the Company to choose the lower tax rate option. Adoption of this option did not have any material impact on the financial statements of the Company.

Significant components of net deferred tax assets and liabilities for the period ended March 31, 2020 are as follow:

(Rs. in million)

	Opening balance	Recognised/ reversed through profit and loss	Recognised/ reversed through other comprehensive income	Closing balance
Deferred tax assets/liabilities in relation to :				
Deferred tax liabilities arising out of:				
Property, plant and equipment and intangible assets	-	48.06	-	48.06
	-	**48.06**	-	**48.06**
Deferred tax assets arising out of:				
Effect of unabsorbed business loss and depreciation	-	48.06	-	48.06
Others	-	6.26	(6.26)	-
	-	**54.32**	**(6.26)**	**48.06**
Net deferred assets/(liabilities)	-	**6.26**	**(6.26)**	-

31 Leases

Company as a lessee

The Company has adopted Ind AS 116 "Leases" effective April 1, 2019 as notified by the Ministry of Corporate Affairs ("MCA") and applied the Standard to its leases using the simplified approach. This has resulted in recognising right –of –use assets and corresponding lease liabilities.

1 Recognition and Carrying value of right-of-use assets for the period ended March 31, 2020: (Rs. in million)

Particulars	
Balance as at beginning of the period	-
Right of use asset recognised during the period	247.71
Depreciation charged during the period	2.06
Total	**245.65**

2 The following is the break-up of current and non-current lease liabilities as at March 31, 2020

Particulars	
Current lease liabilities	26.61
Non-current lease liabilities	222.16
Total	**248.77**

3 The following is the movement in lease liabilities during the period ended March 31, 2020:

Particulars	
Balance as at beginning of the period	-
Lease liability recognised during the period	247.70
Finance cost accrued during the period	5.50
Lease rent paid/payable during the period	4.43
Lease liability at the end of the period	**248.77**

4 The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	
Not later than one year	26.61
Later than one year and not later than five years	121.43
Later than five years	727.15

5 The Company has incurred Rs. 5.43 million for the period ended March 31, 2020 towards expense relating to short-term leases which has not been considered to be recorded as lease liability.

6 As there were no lease commitments as at the beginning of the period, hence disclosure related to reconciliation of total lease commitments as at beginning of the period to the lease liabilities recognised is not applicable.

Company as a lessor

The Company has entered into short-term lease agreements with its holding company which are treated as short term operating leases as per Ind AS 116 and rental income recognised by the Company from these lease is Rs. 0.15 million.

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32 Details of dues to micro, small and medium enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006 ["MSMED Act"]:

S.no.	Particulars	As at March 31, 2020	
		Principal	Interest
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period	-	-
(ii)	The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period	-	-
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act	-	-
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting period	-	-
(v)	The amount of further interest remaining due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act	-	-

33 Related party disclosures

As per Ind AS 24, the disclosure of transactions with related parties are as given below:

Names of related parties and related party relationships

i) **Holding company :** Panacea Biotec Limited "PBL"

ii) **Parties where Holding company control exists**

Fellow subsidiaries:
- Radhika Heights Limited ("RHL")
- Ravinder Heights Limited ("RVHL")
- Rees Investments Limited ("Rees"), Island of Guernsey (liquidated on May 23, 2019)
- Panacea Biotec (International) SA ("PBS"), Switzerland
- Meyten Realtech Pvt. Ltd. ("Meyten") (w.e.f. April 12, 2019)
- Adveta Power Private Limited ("Adveta")
- PanEra Biotec Private Limited ("PanEra")

iii) **Other related parties:**

a) Key Management Personnel:
- Dr. Rajesh Jain - Director (w.e.f. March 22, 2019)
- Mr. Ankesh Jain - Director (w.e.f. March 22, 2019)
- Mr. Sunil Anand - Director (w.e.f. March 22, 2019)
- Mr. K. M. Lal - Non-Executive Independent Director (w.e.f. March 14, 2020)
- Mr. Avinash Ramchandra Kulkarni - Non-Executive Non Independent Director (w.e.f. March 14, 2020)
- Mr. Shantanu Yeshwant Nalavadi - Non-Executive Non Independent Director (w.e.f. March 14, 2020)

b) Director other than Independent Director / Key Management Personnel of PBL:
- Mr. Soshil Kumar Jain - Chairman and Whole-time Director
- Mr. Sandeep Jain - Joint Managing Director
- Mrs. Sunanda Jain - Whole-time Director
- Mr. Sumit Jain - Whole-time Director
- Mr. Vinod Goel - Group CFO and Head Legal & Company Secretary
- Mr. Devender Gupta - Chief Financial Officer & Head Information Technology

c) Enterprises over which Person(s) (having control or significant influence over the Company / Key Management Personnel(s), along with their relatives) are able to exercise significant influence:
- First Lucre Partnership Co. (holding shares in PBL)
- Cabana Construction Private Limited (Indirect WOS ("IWOS") of PBL through RHL)
- Cabana Structures Limited (IWOS of PBL through RHL)
- Nirmala Buildwell Private Limited (IWOS of PBL through RHL)
- Nirmala Organic Farms & Resorts Private Limited (IWOS of PBL through RHL)
- Radicura Infra Limited (IWOS of PBL through RHL)
- Sunanda Infra Limited (IWOS of PBL through RHL)
- Panacea Biotec Germany GmbH, Germany (IWOS of PBL through PBS)

B. Transactions with related parties:

(Rs. in million)

S. No.	Particulars	Holding Company Panacea Biotec Ltd March 31, 2020
I	Transactions made during the period	
1	Sale of raw materials	199.93
2	Purchase of goods/material	34.40
3	Recovery of expenses	0.04
4	Rent income	0.43
5	Rent paid/provided	12.14
6	Purchase of Business under Slump Sale of Business	0.10
II	Period end balances	
1	Outstanding payable	53.51
2	Outstanding receivable	41.31

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34 Assets mortgaged/ hypothecated as security for borrowings are as under:

Particulars	Note	As at March 31, 2020
Non Current		
Property, plant and equipment	2.1	1,700.28
Capital work in progress	2.2	29.30
Intangible assets	2.3	1.13
Intangible assets under development	2.4	144.16
Right of use assets	31	245.65
Financial assets		
Loans	3	0.74
Other financial assets	4	0.07
Other non-current assets	5	1.67
Total non-current assets pledged as security		**2,123.00**
Current		
Inventories	6	481.64
Financial assets		
Trade receivables	7	620.75
Cash and cash equivalents	8	41.18
Other bank balances	9	38.38
Loans	10	30.67
Other current assets	11	229.25
Total current assets pledged as security		**1,441.87**
Total assets mortgaged and pledged as security		**3,564.87**

Note: The above assets have been mortgaged/hypothecated for securing the debt of the Company

35 Employee benefits obligations

A. Defined benefit plan

Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

Salary Risk	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Discount Rate Risk	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability Risk	Death and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals Risk	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

Gratuity (funded)

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan the group makes contributions to recognised funds in India. The group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the period are as follows:

	(Rs. in million) As at March 31, 2020
a. Reconciliation of present value of defined benefit obligation and the fair value of plan assets	
Present value of defined benefit obligation as at the end of the period	104.62
Fair value of plan assets as at the end of the period	18.38
Net liability position recognised in balance sheet	**86.24**

	As at March 31, 2020
b. Changes in defined benefit obligation	
Present value of defined benefit obligation as at the start of the period	-
Acquisition/business transfer adjustment	115.42
Interest cost	8.84
Current service cost	11.66
Benefits paid for eligible employees	(13.44)
Actuarial (gain)/loss	(17.86)
Present value of defined benefit obligation as at the end of the period	**104.62**
c. Net interest cost	
Interest cost on defined benefit obligation	8.84
Interest income on plan assets	1.59
Net interest cost	**7.25**
d. Amount recognised in the statement of profit and loss	
Current service cost	11.66
Net interest cost	7.25
Amount recognised in the statement of profit and loss	**18.91**
e. Change in plan assets	
Fair value of the plan assets at the beginning of the period	-
Acquisition/business transfer adjustment	20.77
Actual return on plan assets	1.91
Employer contribution	9.41
Fund management charges	(0.28)
Benefits paid for eligible employees	(13.43)
Fair value of the plan assets at the end of the period	**18.38**
f. Key categories of plan assets as a percentage of the fair value of total plan assets for gratuity	
Investment with insurer	100%
g. Other comprehensive income	
Actuarial loss on arising from change in demographic assumption	-
Actuarial (gain)/loss on arising from change in financial assumption	(9.66)
Actuarial loss on arising from experience adjustment	(8.23)
Actuarial loss on arising on plan assets	(0.04)
Total actuarial loss for the period	(17.93)

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		As at March 31, 2020
h.	**Actuarial assumptions**	
	Discount rate	6.76%
	Future salary increase	6.00%
i.	**Demographic assumption**	
	Retirement age (years)	60
	Mortality rates inclusive of provision for disability	100%
	Ages	**Withdrawal Rate (%)**
	Up to 30 years	10.00
	From 31 to 44 years	5.00
	Above 44 years	1.00
j.	**Sensitivity analysis for gratuity liability**	
	Impact of the change in discount rate	
	a) Impact due to increase of 0.50%	(5.25)
	b) Impact due to decrease of 0.50%	5.71
	Impact of the change in salary increase	
	a) Impact due to increase of 0.50%	5.01
	b) Impact due to decrease of 0.50%	(4.72)
k.	**Maturity profile of defined benefit obligation**	
	April 2020 to March 2021	6.59
	April 2021 to March 2022	6.57
	April 2022 to March 2023	3.92
	April 2023 to March 2024	4.30
	April 2024 to March 2025	5.91
	April 2025 to March 2026	2.12
	April 2026 onwards	73.71

B. Defined contribution plans

The Company's contribution to state governed provident fund scheme, employee state insurance scheme and Labour Welfare Fund scheme are considered as defined contribution plans. The contribution under the schemes is recognised as an expense, when an employee renders the related service. There are no other obligations other than the contribution payable to the respective funds.

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36 Fair value measurements

A Financial assets and liabilities

The carrying amounts and fair values of financial instruments by class are as follows:

(Rs. in million)

As at March 31, 2020	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial Assets			
(i) Trade receivables	-	-	620.75
(ii) Cash and cash equivalents	-	-	41.18
(iii) Other bank balances	-	-	38.38
(iv) Loans	-	-	31.41
(v) Others financial assets	-	-	0.07
Total	-	-	**731.79**
Financial Liabilities			
(i) Borrowings	-	-	8,261.92
(ii) Trade payables	-	-	725.17
(iii) Other financial liabilities	-	-	1,115.96
Total	-	-	**10,103.05**

B Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are categorised into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

The different levels of fair value have been defined below:

Level 1: Quoted prices (unadjusted) in an active market for financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

B.1 Fair value of instruments measured at amortised cost

(Rs. in million)

Particulars	As at March 31, 2020	
	Carrying value	Fair value
Borrowings	8,261.92	8,261.92

The management assessed that fair value of cash and cash equivalents, trade receivables, security deposits, loan to related parties, other financial assets, short term borrowings, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) The fair values of the Company's fixed interest-bearing borrowings are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

(ii) All the other long term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's credit worthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

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37 Financial risk management

Risk management framework

The Company's activities expose it to market risk, liquidity risk and credit risk. The management has the overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

A. Credit risk

Credit risk is the risk that a counter party fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counter parties and incorporates this information into its credit risk controls.

A.1 Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets:

A: Low credit risk on financial reporting date
B: Moderate credit risk
C: High credit risk

The Company provides for expected credit loss based on the following:

Asset Company	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Trade receivables	Life time expected credit loss or 12 month expected credit loss*
High credit risk	Trade receivables and loans	Life time expected credit loss or fully provided for

*In respect of trade receivables, the Company recognises a provision for lifetime expected credit losses

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions. Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

(Rs. in million)

Credit rating	Particulars	As at March 31, 2020
A: Low credit risk	Cash and cash equivalents	41.18
	Other bank balances	38.38
	Loans	31.41
	Other financial assets	0.07
B: Medium credit risk	Trade receivables	622.24
C: High credit risk	Trade receivables	19.47

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become two year past due.

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to related parties and employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

A.2 Expected credit losses for financial assets other than trade receivables

The Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the Company is in possession of the underlying asset. However, in respect of loans comprising loans to related parties, credit risk is evaluated on the basis of credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. In respect of other financial assets, credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. The Company does not have any expected loss based impairment recognised (except in case of loans to related parties) on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

As at March 31, 2020 (Rs. in million)

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment
Cash and cash equivalents	41.18	0.00%	-	41.18
Other bank balances	38.38	0.00%	-	38.38
Loans from others	31.41	0.00%	-	31.41
Other financial assets	0.07	0.00%	-	0.07

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A.3 Expected credit loss for trade receivables under simplified approach

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein the Company has defined percentage of provision by analysing historical trend of default relevant to each category of customer based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

As at March 31, 2020 (Rs. in million)

Particulars	Not Due	0-30 days post due	31-90 days post due	91-182 days post due	183-365 days post due	366-730 days post due	More than 730 days post due	Total
Gross carrying amount	240.43	112.68	111.49	22.63	33.99	22.69	8.26	**552.17**
Expected loss rate	1.36%	0.62%	1.01%	4.62%	11.37%	5.27%	100.00%	**3.53%**
Expected credit loss (Loss allowance provision)	3.28	0.70	1.13	1.05	3.86	1.20	8.26	**19.47**
Carrying amount of trade receivables (net of impairment)	237.15	111.98	110.36	21.58	30.13	21.49	-	**532.70**

B. 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 have sufficient liquidity to meet its liabilities when they are due. The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

Management monitors rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

B.1 Contractual Maturities of financial liabilities

The tables below analyse the Company's financial liabilities based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs. in million)

March 31, 2020	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Borrowings including interest thereon	2,058.77	-	-	13,153.15	15,211.92
(ii) Trade payables	725.17	-	-	-	725.17
(iii) Other financial liabilities	81.75	22.60	20.72	178.84	303.91
Total	2,865.69	22.60	20.72	13,331.99	16,241.00

C. Market risk

(I) Interest rate risk

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At the period end, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates.

The Company's exposure to interest rate risk on borrowings is as follows:

(Rs. in million)

Particulars	As at March 31, 2020
Variable rate	-
Fixed rate	6,994.44
Total	6,994.44

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(II) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO, CAD and GBP. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. The Company does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes.

Foreign currency denominated financial assets and liabilities, translated at the closing rate, are as follows:

Particulars in Foreign currency	As at March 31, 2020		
	Amount in foreign currency	Closing rate	Amount (Rs. in million)
Financial assets			
Foreign trade receivable			
Euro	11,69,305	83.09	97.15
Financial liabilities			
Foreign trade payable			
USD	8,60,679	75.58	65.05
Euro	3,74,242	83.09	31.09
GBP	1,288	93.60	0.12
CAD	36,600	53.60	1.96
Net exposure			
USD	(8,60,679)	-	(65.05)
Euro	7,95,063	-	66.06
GBP	(1,288)	-	(0.12)
CAD	(36,600)	-	(1.96)

* Closing exchange rate has been rounded off to two decimal places.

(b) Sensitivity analysis of change in rates of material foreign currencies on Loss after tax

Currency	Profit for the period +200 bps	Profit for the period - 200 bps
	March 31, 2020	March 31, 2020
USD	(0.85)	0.85

Currency	Profit for the period +500 bps	Profit for the period - 500 bps
	March 31, 2020	March 31, 2020
EURO	2.15	(2.15)

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38 Capital management policies

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position recognised in other comprehensive income.
The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the Company are summarised as follows:

(Rs. in million)

Particulars	As at March 31, 2020
Non-current borrowings	8,261.92
Current borrowings	-
Less: Cash and cash equivalents	(41.18)
Net debt	8,220.74
Total equity	(6,046.98)
Net debt to equity ratio	**-135.95%**

(This space has been intentionally left blank)

39 Reconciliation of liabilities arising out of financing activities

A Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities are classified as follows:

(Rs. in million)

Particulars	Long term borrowings	Short term borrowings	Total
As at the beginning of the period	-	-	-
Cash changes:			
- Repayment	(129.86)	-	(129.86)
Other non-cash changes			
- Transfer of debt pursuant to slum sale of pharma business (refer note 42)	7,124.31	-	7,124.31
As at March 31, 2020	6,994.45	-	6,994.45

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Panacea Biotec Pharma Limited
Notes to the financial statements for the period ended March 31, 2020

40 The business activity of the Company predominantly falls within a single reportable business segment. There are no separate reportable business segments. Further the operations of the Company are limited within one geographical segment.

41 In view of the Covid-19 pandemic, there have been several restrictions imposed by governments across the globe on the travel, goods movement and transportation considering public health and safety measures, which has adversely impacted the Company's operations since late March 2020. The Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The management has exercised due care in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of investments, intangible assets, inventory, based on the information available to date, both internal and external, while preparing the Company's financial statements as of and for the period ended March 31, 2020. Given the uncertainties due to Covid-19, the final impact on the Company's assets and liabilities in future may differ from that estimated as at the date of approval of these financial statements.

42 On February 26, 2019, as a part of the business reorganization, the Holding Company's Board of Directors had approved transfer of its pharmaceutical formulations business to the Company, together with all tangible assets (except R&D center and natural product extraction facility at Lalru) and all intangible assets as specified in the Business Transfer Agreement ("BTA") in relation to the pharmaceutical formulations business including pharmaceutical formulations facility at Baddi, Himachal Pradesh, (referred to as 'Pharma business'), as a going concern through slump sale, with an objective to segregate the different businesses of the Holding Company to ensure smooth functioning of each business in the future. The divestment was approved by the shareholders of the Holding Company in their extra-ordinary general meeting held on March 25, 2019. In order to implement the above transfer, the Company had executed a BTA with the Holding Company on April 07, 2019 as amended by BTA Amendment Agreement dated February 04, 2020.

The Company has completed its compliance with the terms and conditions of BTA on February 01, 2020 and consequently, the BTA has become effective from that date. Accordingly, the Company has recorded the tranfer of property, plant and equipment (including capital work-in-progress) of Rs. 1,718.29 million and net liabilities of Rs. 7,580.41 million while discharging purchase consideration of Rs. 0.1 million in cash. The Company has recorded capital reserve amounting to Rs. 5,862.22 million on acquisition of the Pharma business from the Holding Company during the period.

43 For the period ended March 31, 2020, the Company has incurred a loss before tax of Rs. 203.66 million and as on that date Company's current liabilities exceeds its current assets by Rs. 1,200.47 million. The Company is yet to pay an amount of Rs. 930 million towards the NCD Series 1A which was due on April 7, 2020. The Company is in discussion with the lenders for suitable restructuring of this unpaid NCD. These factors and conditions indicates a material uncertainty related to going concern of the Company. The Company has already taken various measures aimed at improving the financial condition of the company, inter-alia, strengthening the working capital position, scaling up its pharmaceutical formulations business in India and international markets including ROW countries, USA / EU, etc., besides expediting development of new products. The Company will also be receiving funds from the parent company for repayment of its debts. Based on these measures and continuous efforts to improve the business performance, the management believes that it would be able to generate sustainable cash flows, discharge its obligations as they fall due and has therefore concluding that the going concern assumption continues to be valid.

44 0.00 under "Rs. in million" represents amount less than Rs.50,000 and 0.00 under units represents units less than 50,000. Further, the figures shown in the tables may not exactly add up due to rounding off.

45 The Company has been incorporated on March 22, 2019, accordingly, amounts reported in the Statement of Profit and Loss are for the period from March 22, 2019 to March 31, 2020. Being the year of incorporation, comparative information has not been given.

As per our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Anupam Kumar
Partner
Membership No. 501531

For Dass Gupta & Associates
Chartered Accountants
Firm Registration No. 000112N

Pankaj Mangal
Partner
Membership No. 097890

For and on behalf of Board of Directors of
Panacea Biotec Pharma Limited

Dr. Rajesh Jain
Managing Director
(DIN 00013053)

Mr. Ankesh Jain
Director
(DIN 03556647)

Place : New Delhi
Date : June 29, 2020