



## **INDEPENDENT AUDITORS' REPORT**

To the members of Granules Life Sciences Private Limited

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Granules Life Sciences Private Limited ("the Company"), which comprise the Balance sheet as at **31 March 2021**, and the Statement of Profit and Loss for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **31 March 2021** and its profit or loss for the year ended on that date.

#### **Basis for Opinion**

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

#### **Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the statutory reports, corporate governance and Board's report included in the Annual report, which we obtained prior to the date of this auditor's report. The other information 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 such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





## **SVRJ & Co LLP** **Chartered Accountants**

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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,
- 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.
- 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended **31 March 2021** and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. This report includes a statement on the matters specified in Paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, since in our opinion and according to the information and explanation given to us, the said order is applicable to the Company. Please refer **Annexure - A**, annexed to our report.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and Cash flow statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e) On the basis of the written representations received from the directors as on **31 March 2021** taken on record by the Board of Directors, none of the directors is disqualified as on **31 March 2021** from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) In our opinion, the managerial remuneration for the year ended **31 March 2021** has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - g) The provisions of section 143(3) of The Companies Act, 2013 with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls is not applicable to this Company.





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- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company do not have any pending litigations which would impact its financial position as at **31 March 2021**;
  - ii. The Company did not have any material foreseeable losses arising from long-term contracts including derivative contracts; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended **31 March 2021**.

**For SVRJ & Co LLP**  
**Chartered Accountants**  
ICAI FRN: 013164S/S200064

  
**Rakesh Jain**  
Partner



ICAI M. No: 218197  
UDIN: 21218197AAAACK3120  
Place: Hyderabad  
Date: 25<sup>th</sup> June, 2021



**Annexure – A**

**Report under The Companies (Auditor's Report) Order, 2016 (CARO 2016) for  
the year ended 31st March 2021**

To,

**The Members of GRANULES LIFE SCIENCES PRIVATE LIMITED**

**(i) In respect of Fixed Assets**

The Company did not acquire any fixed assets during the year. Hence, this clause is not applicable.

**(ii) In respect of Inventories:**

The Company hasn't started acquiring inventories. Hence, this clause is not applicable.

**(iii) Compliance under section 189 of The Companies Act, 2013**

As informed, the company, company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

**(iv) Compliance under section 185 and 186 of The Companies Act , 2013**

According to the information and explanation given to us, the company has no loans, investments, guarantees or security where provisions of section 185 and 186 of the Companies Act, 2013 are to be complied with.

**(v) Compliance under section 73 to 76 of The Companies Act, 2013 and Rules framed there under while accepting deposits**

The company has not accepted any Deposits.

**(vi) Maintenance of cost records**

The Company is required to maintain cost records pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013. However, the Company hasn't started the commercial operations yet.

**(vii) Deposit of Statutory Dues**

(a) The company is regular in depositing with appropriate authorities 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 any other statutory dues applicable to it.





(b) There is no dispute with the revenue authorities regarding any duty or tax payable.

**(viii) Repayment of Loans and Borrowings**

The Company hasn't borrowed any sums during the year and doesn't possess any loans as at balance sheet date. Hence, this clause is not applicable.

**(ix) Utilization of money raised by Public Offers and Term Loan for which they were raised**

The company has not raised any money by way of initial public offer or further public offer {including debt instruments} and term loans. Hence this clause is not applicable.

**(x) Reporting of Fraud during the year**

Based on our audit procedures and the information and explanation made available to us no such fraud noticed or reported during the year.

**(xi) Managerial Remuneration**

In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company hasn't paid / provided for managerial remuneration during the year.

**(xii) Compliance by Nidhi Company regarding Net Owned Fund to Deposits Ratio**

As per information and records available with us, the company is not a Nidhi Company.

**(xiii) Related party compliance with Section 177 and 188 of companies Act - 2013**

Yes, All transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

**(xiv) Compliance under section 42 of Companies Act - 2013 regarding Private placement of Shares or Debentures**

According to the information and explanations given to us, we are of the opinion the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable.

**(xv) Compliance under section 192 of Companies Act - 2013**

The company has not entered into any non-cash transactions with directors or persons connected with him.



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**SVRJ & Co LLP**  
**Chartered Accountants**

**(xvi) Requirement of Registration under 45-IA of Reserve Bank of India Act, 1934**

The company is not required to be registered under section 45-IA of the Reserve Bank of India Act.

**For SVRJ & Co LLP**  
**Chartered Accountants**  
**ICAI FRN: 013164S/S200064**



**Rakesh Jain**  
**Partner**  
**ICAI M. No: 218197**  
**UDIN: 21218197AAAACK3120**

**Place: Hyderabad**  
**Date: 25<sup>th</sup> June, 2021**



Granules Life Sciences Private Limited

Balance sheet as at March 31, 2021

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	Notes	As at March 31, 2021
<b>Assets</b>		
<b>Non-current assets</b>		
Income tax assets (net)		0.66
Other non-current assets	3	1,176.07
<b>Total non-current assets</b>		<b>1,176.73</b>
<b>Current assets</b>		
<b>Financial assets</b>		
(i) Cash and cash equivalents	4	1,250.55
(ii) Others	5	0.15
<b>Total current assets</b>		<b>1,250.71</b>
<b>Total assets</b>		<b>2,427.44</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity share capital	6	2,500.00
Other equity	7	(72.56)
<b>Total equity</b>		<b>2,427.44</b>
<b>Total equity and liabilities</b>		<b>2,427.44</b>
Significant accounting policies	2	
The accompanying notes are an integral part of the financial statements.		
As per our report of even date attached		

for SVRJ & Co LLP

Chartered Accountants

Firm registration number : 013164S/S200064

Rakesh Jain

Partner

Membership No : 218197

UDIN : 21218197AAAACK3120



for and on behalf of the Board of Directors of

Granules Life Sciences Private Limited

CIN : U24290TG2020PTC146042

Krishna Prasad Chigurupati

Director

DIN : 00020180

Anshuman Gupta

Company Secretary

Place: Hyderabad

Date: June 25, 2021

Priyanka Chigurupati

Director

DIN : 01793431

Place: Virginia, USA

Date: June 25, 2021



Place: Hyderabad

Date: June 25, 2021

Granules Life Sciences Private Limited  
 Statement of profit and loss for the year ended March 31, 2021  
 (All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	Notes	Nov 18, 2020 to Mar 31, 2021
<b>Income</b>		
Other income	8	8.77
<b>Total income</b>		<u>8.77</u>
<b>Expenses</b>		
Finance costs	9	0.00
Other expenses	10	81.33
<b>Total expenses</b>		<u>81.33</u>
<b>Profit before tax</b>		(72.56)
<b>Tax expense</b>		
(i) Current tax		-
(ii) Deferred tax		-
<b>Total tax expense</b>		<u>-</u>
<b>Profit for the year</b>		<u>(72.56)</u>
<b>Other comprehensive income</b>		
Items that will be reclassified subsequently to profit or loss		-
Items that will not be reclassified subsequently to profit or loss		-
<b>Other comprehensive income/ (loss) for the year</b>		<u>-</u>
<b>Total comprehensive income for the year</b>		<u>(72.56)</u>
<b>Earnings per share:</b>		
Equity shares of par value of Rs. 10 each	11	(0.29)
Basic (INR)		(0.29)
Diluted (INR)		

Significant accounting policies  
 The accompanying notes are an integral part of the financial statements.  
 As per our report of even date attached

for SVRJ & Co LLP  
 Chartered Accountants  
 Firm registration number : 013164S/S200064


  
 Rakesh Jain  
 Partner




Membership No : 218197  
 UDIN : 21218197AAAACK3120

Place: Hyderabad  
 Date: June 25, 2021

for and on behalf of the Board of Directors of  
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 CIN : U24290TG2020PTC146042

  
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 Anshuman Gupta  
 Company Secretary

Place: Hyderabad  
 Date: June 25, 2021

  
 Priyanka Chigurupati  
 Director  
 DIN : 01793431



Place: Virginia, USA  
 Date: June 25, 2021

**Granules Life Sciences Private Limited**  
**Statement of changes in equity for the year ended March 31, 2021**  
 (All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

**Statement of changes in equity**

Particulars	Equity share capital (Refer note 6)	Other equity (Refer note 7)		Total attributable to owners of the company
		Reserves and Surplus	Other comprehensive income	
		Retained earnings		
Transactions with owners, recorded directly in equity				
Issue of shares	2,500.00	-	-	2,500.00
Total comprehensive income/(loss) for the year	-	(72.56)	-	(72.56)
Profit for the year	-	-	-	-
Other comprehensive income/(loss) (net of tax)	-	-	-	-
<b>Balance as on March 31, 2021</b>	<b>2,500.00</b>	<b>(72.56)</b>	<b>-</b>	<b>2,427.44</b>

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

As per our report of even date attached

for **SVRJ & Co LLP**  
 Chartered Accountants  
 Firm registration number: 013164S/S200064



*Rakesh Jain*  
**Rakesh Jain**  
 Partner  
 Membership No : 218197  
 UDIN : 21218197AAAAACK3120

Place: Hyderabad  
 Date: June 25, 2021

for and on behalf of the Board of Directors of  
**Granules Life Sciences Private Limited**  
 CIN : U24290TG2020PTC146042

*Krishna Prasad Chigurupati*

**Krishna Prasad Chigurupati**  
 Director  
 DIN : 00020180



*Priyanka Chigurupati*  
**Priyanka Chigurupati**  
 Director  
 DIN : 01793431

*Anshuman Gupta*  
**Anshuman Gupta**  
 Company Secretary

Place: Virginia, USA  
 Date: June 25, 2021

Granules Life Sciences Private Limited  
 Statement of cash flows for the year ended March 31, 2021  
 (All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	Nov 18, 2020 to Mar 31, 2021
Cash flow from operating activities	
Profit before tax	(72.56)
<i>Adjustments to reconcile profit before tax to net cash flows</i>	
Interest income	(8.77)
Operating profit before working capital changes	(81.33)
Cash generated from operations	(81.33)
Taxes paid (net of refunds)	(0.66)
Net cash flow used in operating activities	(A) (81.99)
Cash flow from investing activities	
Purchase of fixed assets, including capital work-in-progress, capital advances and payables for capital goods	(1,176.07)
Interest received	8.62
Net cash flow used in investing Activities	(B) (1,167.46)
Cash flow from financing activities	
Proceeds from issuance of shares	2,500.00
Net cash flow generated from financing activities	(C) 2,500.00
Net (decrease)/increase in cash and cash equivalents	(A+B+C) 1,250.55
Cash and cash equivalents at the end of the year	1,250.55
Components of cash and cash equivalents:	
Balances with banks	
On current accounts	449.13
On deposit accounts	801.42
Total cash and cash equivalents	1,250.55

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows".

The accompanying notes are an integral part of the financial statements.  
 As per our report of even date attached


for SVRJ & Co LLP  
 Chartered Accountants  
 Firm registration number : 013164S/S200064


  
**Bakesh Jain**  
 Partner  
 Membership No : 218197  
 UDIN : 21218197AAAACK3120




Place: Hyderabad  
 Date: June 25, 2021

for and on behalf of the Board of Directors of  
 Granules Life Sciences Private Limited  
 CIN : U24290TG2020PTC146042

  
**Krishna Prasad Chigurupati**  
 Director  
 DIN : 00020180

  
**Priyanka Chigurupati**  
 Director  
 DIN : 01793431



  
**Anshuman Gupta**  
 Company Secretary

Place: Virginia, USA  
 Date: June 25, 2021

Place: Hyderabad  
 Date: June 25, 2021

## Granules Life Sciences Private Limited

### Notes to financial statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

#### 1 Company overview

##### 1.1 Reporting entity

The standalone financial statements of Granules Life Sciences Private Limited ("Granules" or "the Company") is a company domiciled in India with its registered office situated at Hyderabad, Telangana. The Company has been incorporated under the provisions of Indian Companies Act. The Company is primarily involved in the manufacturing and selling of Pharmaceutical Formulation intermediates (PFIs) and Finished Dosages (FDs).

##### 1.2 Basis of preparation of financial statements

###### a) Statement of compliance

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

During the year, the company got incorporated on November 18, 2020 and accordingly corresponding figures for the current year are not applicable. These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2021. These standalone financial statements were authorised for issuance by the Company's Board of Directors on June 25, 2021.

The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

Details of the Company's significant accounting policies are included in Note 2.

###### b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

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

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

###### c) Functional and presentation currency

These standalone financial statements are presented in Indian rupees (INR), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest lakh, unless otherwise indicated.

###### d) Basis of measurement

These standalone financial statements have been prepared on the historical cost basis, except for the following items:

- Certain financial assets and liabilities are measured at fair value or amortised cost.
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations.
- Share based payments are measured at fair value.
- Assets held for sale are measured at fair value less cost to sell.

###### e) Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements 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. 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 standalone financial statements.

#### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 1.2(c) - Assessment of functional currency;
- Note 2(a) - Financial instruments;

**Granules Life Sciences Private Limited**

**Notes to financial statements**

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

**Assumptions and estimation of uncertainties**

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

- Note 12 (i) – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 2(f)(ii) – Measurement of recoverable amount of cash generated units; impairment of tangible and intangible assets

**f) Measurement of fair values**

Accounting policies and disclosures require measurement of fair value for both financial and non-financial assets. 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.

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

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

- Note 14 – financial instruments.

**2 Significant accounting policies**

**a. Financial instruments**

**i. Recognition and initial measurement**

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

Financial assets and liabilities are initially measured at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability.

**ii. Classification and subsequent measurement**

Financial assets

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

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

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

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

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

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

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

**Granules Life Sciences Private Limited**

**Notes to financial statements**

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

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

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

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

**Financial assets: subsequent measurement and gains and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

**Financial liabilities: classification, subsequent measurement and gains and losses**

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

**iii. Derecognition**

**Financial assets**

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

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

**Financial liabilities**

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

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

**iv. Offsetting**

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

**v. Derivative financial instruments and hedge accounting**

Derivative financial instruments are used to mitigate the risk of changes in exchange rates on foreign currency exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in statement of profit and loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

**Cash flow hedges:**

Where a derivative or non-derivative financial liability is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative or non-derivative financial liability is recognised in OCI and accumulated in other equity under the hedging cash flow hedging reserve. Ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income, remains there until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in the statement of profit and loss.

**Granules Life Sciences Private Limited**

**Notes to financial statements**

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

**vi. 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. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Cash dividend to equity holders**

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**b. Foreign currency**

Transactions in foreign currency are translated at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are restated at the prevailing year end rates. The resultant gain/loss upon such restatement along with the gain/loss on account of foreign currency transactions are accounted in the Statement of Profit and Loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

**c. Property, plant and equipment**

**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to its working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress.

**ii. Subsequent expenditure**

Subsequent expenditure related to an item of tangible fixed asset is capitalised only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance.

**iii. Depreciation**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II of companies Act, 2013.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate

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

**iv. Capital advances**

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances

**d. Intangible assets**

**Internally generated: Research and development**

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

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

**Others**

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.



**Granules Life Sciences Private Limited**

**Notes to financial statements**

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

**i. Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

**ii. Amortisation**

Assets are amortised on a straight line basis over the estimated useful life as follows:

Computer software 3-10 years

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

**Non-current assets held for sale**

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as "Assets Classified as Held for Sale". Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

**e. Inventories**

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

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

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

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

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuance, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

**f. Impairment**

**i. Financial assets (other than at fair value)**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance for trade receivables based on the provision matrix, the Company has used a historical credit loss experience by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than the 270 days over and above the usual credit period. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due over a reasonable period of credit
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;

In case of investments, the company reviews its carrying value of investments carried at cost annually, or more frequently, when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**ii. Tangible and intangible assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

g. Employee benefits

i. Gratuity

The Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the gratuity employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan is determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by the independent actuary to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

ii. Provident fund

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

iii. Compensated absences

The Company's current policies permit certain categories of its employees to accumulate and carry forward a portion of their unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof in accordance with the terms of such policies. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company incurs as a result of the unused entitlement that has accumulated at the balance sheet date. Such measurement is based on actuarial valuation as at the balance sheet date carried out by a qualified actuary. Re-measurements are recognised in the statement of profit and loss in the period in which they arise.

iv. Share based compensation

The grant date fair value of options granted to employees is recognised as employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "employee stock option". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

h. Provisions (other than for employee benefits)

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

Contingent liabilities and contingent assets

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. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

i. Earnings per share ('EPS')

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise net profit after tax (and includes the post-tax effect of any extra ordinary items). The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. Dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date. The number of shares used for computing the diluted EPS is the weighted average number of shares outstanding during the year after considering the dilutive potential equity shares.

j. Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairperson and Managing Director of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the Chief Operating Decision Maker (CODM). All operating segments' operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segments and assess their performance.

The Company operates in one reportable business segment i.e. "Pharmaceuticals".

**Granules Life Sciences Private Limited**

**Notes to financial statements**

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

**k. Revenue**

**i. Sale of goods**

Revenue from sale of goods is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised is on the consideration expected to be received in exchange for goods, excluding trade discounts, volume discounts, sales returns and any taxes or duties collected on behalf of the government which are levied on sales such as GST where applicable. Any additional amounts based on terms of agreement entered into with customers, is recognised in the period when the collectability becomes probable and a reliable measure of the same is available.

**ii. Sales return allowances**

The Company accounts for sales return by recording an allowance for sales return concurrent with the recognition of revenue at the time of a product sale. The allowance is based on Company's estimate of expected sales returns. The estimate of sales return is determined primarily by the Company's historical experience in the markets in which the Company operates.

**iii. Export incentives**

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

**iv. Interest income or expense**

Interest income or expense is recognised using the effective interest method on time proportion method

**v. Dividend income**

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

**l. Leases**

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

**Company as a lessee**

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

**i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

**ii) Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**iii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**Granules Life Sciences Private Limited**

**Notes to financial statements**

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

**m. Income tax**

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

**i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

**ii. Deferred tax**

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised.

**n. Borrowing cost**

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

**o. Estimation of uncertainties relating to the global health pandemic from COVID-19:**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, intangibles, inventories and investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, the company expects to fully recover the carrying amount of receivables, intangibles, inventories and investments. As the outbreak continues to evolve, the company will continue to closely monitor any material changes to future economic conditions.

**p. Recent pronouncements**

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

**Balance Sheet:**

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

**Statement of profit and loss:**

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

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

**Granules Life Sciences Private Limited****Notes to financial statements (contd.)**

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

**Other assets****3. Non-current (Unsecured, considered good unless otherwise stated)**

	As at March 31, 2021
Capital advances	1,176.07
<b>Total</b>	<b>1,176.07</b>

**4. Cash and cash equivalents**

	As at March 31, 2021
Balance with banks:	
On current accounts	449.13
Deposits with original maturity of less than 3 months	801.42
<b>Total</b>	<b>1,250.55</b>

**5. Other financial assets**

	As at March 31, 2021
Interest accrued but not due on deposits	0.15
<b>Total</b>	<b>0.15</b>

**6. Share capital**

	As at March 31, 2021
<b>Authorized</b>	
100,000,000 equity shares of Rs.10/- each	10,000.00
<b>Issued, subscribed and fully paid up</b>	<b>2,500.00</b>

**6.1 Details of shareholders holding more than 5% equity shares in the Company**

	As at March 31, 2021	
	No. of shares	% holding
Granules India Limited	25,000,000	100

**6.2 Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares dividends in Indian rupees. 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. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**7. Other equity****Attributable to Owners****Retained earnings**

The amount that can be distributed by the Company as dividends to its equity

Granules Life Sciences Private Limited

Notes to financial statements (contd.)

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

8. Other income

	Nov 18, 2020 to Mar 31, 2021
Interest income on deposits with banks	8.77
<b>Total</b>	<b>8.77</b>

9. Finance costs

	Nov 18, 2020 to Mar 31, 2021
Other borrowing costs	0.00
<b>Total</b>	<b>0.00</b>

10. Other expenses

	Nov 18, 2020 to Mar 31, 2021
Rates and taxes	81.33
<b>Total</b>	<b>81.33</b>

11. Earning per equity share (EPS)

Particulars	Nov 18, 2020 to Mar 31, 2021
<b>Earnings</b>	
Profit for the year	(72.56)
Weighted average shares used for computing of basic EPS	250.00
Add: Effect of dilution	
Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	-
Weighted average shares used for computing diluted EPS	250.00
<b>Earnings per share</b>	
- Basic (in INR)	(0.29)
- Diluted (in INR)	(0.29)

12. Contingent liabilities and commitments

Particulars	As at March 31, 2021
(i) Contingent liabilities:	
(a) Claims against the company not acknowledged as debt	Nil

Particulars	As at March 31, 2021
(ii) Commitments	
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,194.92

13. Related party disclosures

13A. Names of related parties and description of relationship

Name of the related party	Relationship
1 Granules India Limited	Holding company

13B. Transactions during the year

Particulars	March 31, 2021
a) Holding company	
i) Granules India Limited	
Investment made	2,500.00
Reimbursements	81.33

14. Fair Values

The management assessed that loans, cash and cash equivalents, trade receivables, borrowings, trade payables and other current 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.

Fair Valuation measurement hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:

	Carrying amount				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
i) Financial assets							
n) Financial assets not measured at fair value							
Cash and cash equivalents	-	-	1,250.55	1,250.55	-	-	-
Other current financial assets	-	-	0.15	0.15	-	-	-
			<b>1,250.71</b>	<b>1,250.71</b>			

#### 15. Financial risk management

##### Framework

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

##### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, loans, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Company's exposure to customers is diversified.

Before accepting any new customer, the Company uses an external/internal credit scoring system to assess the potential customer's credit quality and defines credit limits of customer. Limits and scoring attributed to customers are reviewed at periodic intervals. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

Credit risk on financial assets, except trade receivables is limited as the company generally transacts with banks and financial institutions with high credit rating assigned by international and domestic credit rating agencies. Investment primarily include investment in subsidiaries, associate and joint venture whose carrying value is evaluated by the management at the end of every reporting period for impairment.

##### Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

##### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates.

##### Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in USD/EURO against the functional currencies of the Company.

#### 16. Capital management

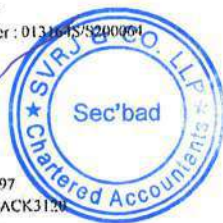
For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by equity. Net debt consists of borrowings including interest accrued on borrowings, less cash and cash equivalents and other bank balances.

17. Figures in Balance Sheet, Statement of Profit and Loss and Notes to audited financial statements have been rounded off to the nearest thousand and have been expressed in terms of decimals of thousands.

As per our report of even date attached

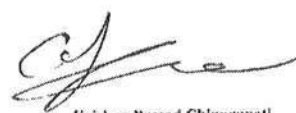
for SVRJ & Co LLP  
Chartered Accountants  
Firm registration number : 0131015/8200061

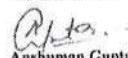
  
Rakesh Jain  
Partner  
Membership No : 218197  
UDIN : 21218197AAAACK3120




Place: Hyderabad  
Date: June 25, 2021

for and on behalf of the Board of Directors of  
Granules Life Sciences Private Limited  
CIN : U24290TG2020PTC146042

  
Krishna Prasad Chigurupati  
Director  
DIN : 60020180

  
Anshuman Gupta  
Company Secretary

Place: Hyderabad  
Date: June 25, 2021

  
Priyanka Chigurupati  
Director  
DIN : 01793431



Place: Virginia, USA  
Date: June 25, 2021