

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

Basis for Opinion

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

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, Including Annexures to Director's Report, but does not include the consolidated financial statements, standalone financial statements, and our auditor's report thereon
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

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

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- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

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- e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/payable by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 43 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 43 to the standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

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- v. The interim dividend declared and paid by the Company during the year and until the date of this report is in accordance with section 123 of the Companies Act 2013.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



Sathya P. Koushik
(Partner)
(Membership No. 206920)
UDIN: 22206920APEJCQ8616

Place: Bengaluru
Date: 17 August 2022

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Sai Life Sciences Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable

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assurance that transactions are recorded as necessary to permit preparation of standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



Sathya P. Koushik
(Partner)
(Membership No. 206920)
UDIN: 22206920APEJCQ8616

Place: Bengaluru
Date: 17 August 2022

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ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

- (i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment including capital work-in-progress and relevant details of right-of-use assets

B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) Some of Property, plant and equipment, capital work-in- progress and right-of-use assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the Property plant and equipment, capital work-in- progress and right-of-use asset at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) Based on the examination of the registered sale deed/conveyance deed provided to us, we report that, the title deeds, of all the immovable properties of land and buildings, disclosed in the standalone financial statements included in property, plant equipment, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as right of use assets in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters.

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(iii) The Company has made investments in, provided guarantee and granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which

(a) The Company has not provided any loans or advances in the nature of loans or provided security to any other entity during the year. The Company has provided guarantee and details of which are given below:

	Guarantees ^{Rs.} (in lakhs)
A. Aggregate amount granted / provided during the year:	
- Subsidiaries	328.97
- Others	-
B. Balance outstanding as at balance sheet date in respect of above cases	
- Subsidiaries	328.97
- Others	-

(b) The investments made, guarantees provided and the terms and conditions of the grant of all the loans provided, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans granted provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.

(d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

(iv) The Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of making investments. The Company has not granted loans, given guarantees and securities to which sections 185 and 186 of the Companies Act, 2013 is applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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- (vii) (a) The Company has been regular in depositing undisputed statutory dues, including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Cess and other material statutory dues applicable to it, to the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- (b) Details of statutory dues referred to in sub- clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in lakhs)	Amount unpaid (₹ in lakhs)
Finance Act, 1994	Service Tax	High Court, Mumbai	2012-2014	123.62	36.36
Central Excise Act, 1944	Excise Duty	Customs, Central Excise Service Tax Appellate Tribunal	2007-2012	72.48	54.36
Maharashtra Value Tax Act, 2002	Value Added Tax	Customs, Central Excise Service Tax Appellate Tribunal	2009-2014	447.32	447.32
Maharashtra Value Tax Act, 2002	Value Added Tax	Joint Commissioner Appeals	2014-2017	145.20	145.20
Income-tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	2015-2016	372.24	372.24
Income-tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	2016-2017	162.25	-
Income-tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	2017-2018	31.35	31.35
Employees Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	Central Government Industrial Tribunal	1996-2018	218.91	218.91

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

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- (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
- (d) On an overall examination of the standalone financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company did not have any associate or joint venture during the year.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company did not have any associate or joint venture during the year.
- (x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-Section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto September 30, 2021 and the draft of the internal audit reports were issued after the balance sheet date covering the period October 01, 2021 to March 31, 2022 for the period under audit.
- (xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

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(b) The Group ("Companies in the Group" as defined in the Core Investment Companies (Reserve Bank) Directions) does not have any CIC (Core Investment Company) as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-Section (6) of Section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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



Sathya P. Koushik
(Partner)
(Membership No. 206920)
UDIN: 22206920APEJCQ8616

Place: Bengaluru
Date: 17 August 2022

Sai Life Sciences Limited
Standalone Balance Sheet as at 31 March 2022

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

	Note	As at	
		31 March 2022	31 March 2021
ASSETS			
Non-current assets			
(a) Property, plant and equipment	6	69,430.33	65,479.30
(b) Right-of-use assets	7	15,647.36	4,362.36
(c) Capital work-in-progress	6	18,868.65	19,246.08
(d) Intangible assets	8	681.24	402.33
(e) Financial assets			
(i) Investments	9	6,356.33	6,336.26
(ii) Other financial assets	10	305.20	422.64
(f) Non-current tax assets (net)	11	1,381.17	1,284.35
(g) Other non-current assets	12	3,553.02	4,929.66
Total non-current assets		1,16,223.30	1,02,462.98
Current assets			
(a) Inventories	13	12,595.20	7,332.63
(b) Financial assets			
(i) Trade receivables	14	23,681.65	20,269.80
(ii) Cash and cash equivalents	15(i)	10,917.43	6,043.77
(iii) Bank balances other than above	15(ii)	1,435.21	965.96
(iv) Loans	16	55.31	18.82
(v) Other financial assets	10	14,319.86	14,781.86
(c) Other current assets	12	31,361.28	29,772.94
Total current assets		94,365.94	79,185.78
Total assets		2,10,589.24	1,81,648.76
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	1,794.32	1,781.65
(b) Other equity	18	87,309.36	84,970.25
Total equity		89,103.68	86,751.90
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	29,717.03	24,643.97
(ii) Lease liabilities	20	12,611.41	1,953.50
(iii) Other financial liabilities	21	280.07	183.91
(b) Provisions	22	1,893.13	1,909.27
(c) Deferred tax liabilities (net)	23	6,227.24	6,414.24
Total non-current liabilities		50,728.88	35,104.89
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	45,414.94	39,025.80
(ii) Lease liabilities	20	2,465.42	1,063.99
(iii) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	24	1,221.41	840.36
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	24	18,079.90	13,585.63
(iv) Other financial liabilities	21	936.53	2,691.89
(b) Other current liabilities	25	1,792.91	1,983.90
(c) Provisions	22	592.62	570.30
(d) Current tax liabilities (net)	26	252.95	30.10
Total current liabilities		70,756.68	59,791.97
Total equity and liabilities		2,10,589.24	1,81,648.76

See accompanying notes forming part of these standalone financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm Registration No.: 117366W/W-100018



Sathya P. Koushik

Partner

Membership No.: 206920



Place: Bengaluru

Date: 17 August 2022

For and on behalf of the Board of Directors of

Sai Life Sciences Limited

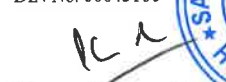
CIN No: U24110TG1999PLC030970



K. Ranga Raju

Chairman

DIN No: 00043186



Sivarama Krishnan Chittoor

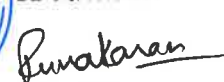
Chief Financial Officer




Krishnam Raju

Managing Director

DIN No: 00064614



Runa Karan

Company Secretary

Membership No.: A13721

Place: Hyderabad

Date: 17 August 2022

Sai Life Sciences Limited
Standalone Statement of Profit and Loss for the year ended 31 March 2022

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

	Note	For the year ended	
		31 March 2022	31 March 2021
Income			
I Revenue from operations	27	84,102.28	75,146.78
II Other income	28	2,814.67	2,728.87
III Total income (I + II)		86,916.95	77,875.65
IV Expenses			
Cost of materials consumed	29	25,114.12	23,269.09
Changes in inventories of work-in-progress	30	(283.01)	(1,649.83)
Employee benefits expense	31	26,337.32	20,363.78
Finance costs	32	4,748.75	2,934.36
Depreciation and amortisation expense	33	7,969.80	7,177.18
Other expenses	34	20,794.76	17,022.98
Total expenses (IV)		84,681.74	69,117.56
V Profit before tax (III - IV)		2,235.21	8,758.09
VI Tax expense	35		
(i) Current tax		937.02	372.57
(ii) Deferred tax		(270.07)	1,855.12
Total tax expense (VI)		666.95	2,227.69
VII Profit for the year (V - VI)		1,568.26	6,530.40
VIII Other comprehensive income			
A. (i) Items that will not be reclassified to profit or loss:			
(a) Re-measurement of defined benefit plans		158.55	82.72
(ii) Income-tax on items that will not be reclassified to profit or loss		(39.91)	(20.82)
		118.64	61.90
B. (i) Items that will be reclassified to profit or loss:			
(a) Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge		171.48	502.72
(b) Exchange differences on translating foreign operations		-	-
(ii) Income-tax on items that will be reclassified to profit or loss		(43.16)	(126.53)
		128.32	376.19
Total other comprehensive income for the year, net of tax (A + B)		246.96	438.09
Total comprehensive income for the year (VII + VIII)		1,815.22	6,968.49
IX Earnings per equity share (in absolute ₹ terms)	36		
Basic		8.97	38.55
Diluted		8.82	37.88

See accompanying notes forming part of these standalone financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm Registration No.: 117366W/W-100018


Sathya P. Koushik

Partner

Membership No.: 206920



Place: Bengaluru

Date: 17 August 2022

For and on behalf of the Board of Directors of

Sai Life Sciences Limited

CIN No: U24110TG1999PLC030970


K. Ranga Raju

Chairman

DIN No: 00043186


Sivaraman Chittor

Chief Financial Officer

Place: Hyderabad

Date: 17 August 2022



Krishnam Raju

Managing Director

DIN No: 00064614


Runa Karan

Company Secretary

Membership No.: A13721

Sai Life Sciences Limited
Standalone Statement of Cash Flows for the year ended 31 March 2022

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

	For the year ended	
	31 March 2022	31 March 2021
Cash flow from operating activities		
Profit before tax	2,235.21	8,758.09
Adjustments for :		
Depreciation and amortisation expense	7,969.80	7,177.18
Interest income	(704.99)	(827.46)
Equity -settled share-based payments	224.08	242.00
(Gain)/loss on sale of PP&E, net	(1,131.47)	183.30
Finance costs	4,748.75	2,934.36
Bad debts written off (net of recoveries)	74.31	18.48
Unrealised foreign exchange gain, net	(188.00)	(515.39)
Impairment of Investment in Sai Life Drugform Private Limited	1.00	-
Provision towards doubtful trade receivables, net	537.32	45.99
Provisions no longer required written back	-	(317.92)
Operating cash flows before working capital changes	13,766.01	17,698.63
(Increase)/decrease in loans & deposits	(6.31)	(36.98)
(Increase)/decrease in other non-current assets	1,074.72	(597.23)
(Increase)/decrease in inventories	(5,262.37)	(3,039.73)
(Increase)/decrease in trade receivables	(3,887.79)	6,978.37
Increase in other current assets	(1,588.34)	(10,620.04)
Increase in other financial assets	522.42	(13,025.46)
Increase in trade payables	5,202.35	761.32
Increase in other financial liabilities & provisions	19.27	23.41
Increase in other non-current and current liabilities	(190.99)	934.32
Net cash generated from / (used in) operating activities (A)	9,648.97	(923.39)
Income-taxes paid, net	(810.99)	(1,670.12)
Net cash generated from operating activities (A)	8,837.98	(2,593.51)
Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets (including capital work in progress, capital advances and capital creditors)	(19,782.91)	(24,106.27)
Proceeds from sale of property, plant and equipment	9,874.64	128.66
Investments in subsidiaries	(21.07)	(4,098.18)
Movement in other bank balances, net	(469.25)	(212.75)
Redemption of Fixed deposits, net	50.00	-
Interest income received	885.13	343.03
Net cash used in investing activities (B)	(9,463.46)	(27,945.51)
Cash flows from financing activities		
Proceeds from issue of equity shares	312.48	99.57
Proceeds from current borrowings, net	7,394.07	16,177.99
Proceeds from non-current borrowings	10,014.79	22,118.00
Repayment of non-current borrowings	(3,185.74)	(2,584.38)
Lease payments	(2,149.76)	(2,314.74)
Interest paid #	(4,290.49)	(3,138.53)
Net cash generated from/(used in) financing activities (C)	8,095.35	30,357.91
Net decrease in cash and cash equivalents during the year (A + B + C)	7,469.87	(181.11)
Cash and cash equivalents at the beginning of the year	3,431.03	3,612.14
Cash and cash equivalents at the end of the year (Note 1 below)	10,900.90	3,431.03



Sai Life Sciences Limited

Standalone Statement of Cash Flows for the year ended 31 March 2022

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

	As at 31 March 2022	31 March 2021
Note 1:		
Cash and cash equivalents includes		
Cash on hand	0.98	2.01
Balances with banks		
-in current accounts	5,250.41	6,041.76
-in cash credit accounts	(16.53)	(2,612.74)
-others	5,666.04	-
Total	10,900.90	3,431.03

Interest paid in cash flow from financing activities includes borrowing cost capitalised as property, plant and equipment and CWIP during the year amounting to ₹ 502.66 (31 March 2021: ₹ 226.20)

Note 2:

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

Particulars	As at 31 March 2021	Net Proceeds/ (Repayments)	Foreign exchange loss/(gain)	As at 31 March 2022
Non-current borrowings (including current maturities)	27,873.53	6,829.05	23.29	34,725.87
Current borrowings (excluding cash credit)	33,183.50	7,394.07	(188.00)	40,389.57
Total	61,057.03	14,223.12	(164.71)	75,115.44

Particulars	As at 31 March 2020	Proceeds/ (Repayments)	Foreign exchange loss/(gain)	As at 31 March 2021
Non-current borrowings (including current maturities)	8,211.71	19,533.62	128.20	27,873.53
Current borrowings (excluding cash credit)	17,224.56	16,177.99	(219.05)	33,183.50
Total	25,436.27	35,711.61	(90.85)	61,057.03

See accompanying notes forming part of these standalone financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm Registration No.: 117366W/W-100018

For and on behalf of the Board of Directors of

Sai Life Sciences Limited

CIN No: U24110TG1999PLC030970

Sathya P. Koushik

Sathya P. Koushik

Partner

Membership No.: 206920

K. Ranga Raju

K. Ranga Raju

Chairman

DIN No: 00043186



Sivaramakrishnan Chittor

Sivaramakrishnan Chittor

Chief Financial Officer

Krishnam Raju

Krishnam Raju

Managing Director

DIN No: 00064614

Runa Karan

Runa Karan

Company Secretary

Membership No.: A13721



Place: Bengaluru

Date: 17 August 2022

Place: Hyderabad

Date: 17 August 2022

Sai Life Sciences Limited
Standalone Statement of Changes in Equity for the year ended 31 March 2022
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

A Share Capital

	Equity		Preference		Total	
	Number of shares	Amount	Number of shares	Amount	Amount	Amount
As at 31 March 2020	1,63,82,929	1,638.29	-	-	1,638.29	-
Changes in share capital during the year	10,46,650	104.67	4,80,000	38.69	143.36	-
As at 31 March 2021	1,74,29,579	1,742.96	4,80,000	38.69	1,781.65	-
Changes in share capital during the year	1,26,727	12.67	-	-	12.67	-
As at 31 March 2022	1,75,56,306	1,755.63	4,80,000	38.69	1,794.32	-

B Other Equity

	Shares pending allotment	Reserves and Surplus				Other comprehensive income	Total
		Capital reserve	Securities premium	Employee stock options outstanding account	Retained earnings	Effective portion of cash flow hedges	
Balance as at 31 March 2020	140.42	112.23	38,159.20	505.90	39,422.95	(537.15)	77,803.55
Amount transferred on exercise/forfeiture of employee stock options	-	-	-	(41.81)	41.81	-	-
Profit for the year	-	-	-	-	6,530.40	-	6,530.40
Other comprehensive income	-	-	-	-	82.72	-	82.72
Income-tax on items that will not be reclassified to profit or loss	-	-	-	-	(20.82)	-	(20.82)
Income-tax on items that will be reclassified to profit or loss	-	-	-	-	-	(126.53)	(126.53)
Total comprehensive income	-	-	-	-	6,592.30	376.19	6,968.49
Shares allotted during the year	(140.42)	-	96.63	-	-	-	(43.79)
Share-based payment expense	-	-	-	242.00	-	-	242.00
Balance as at 31 March 2021	-	112.23	38,255.83	706.09	46,057.06	(160.96)	84,970.25
Amount transferred on exercise/forfeiture of employee stock options	-	-	-	(58)	58.00	-	-
Profit for the year	-	-	-	-	1,568.26	-	1,568.26
Other comprehensive income	-	-	-	-	158.55	-	158.55
Income-tax on items that will not be reclassified to profit or loss	-	-	-	-	(39.91)	-	(39.91)
Income-tax on items that will be reclassified to profit or loss	-	-	-	-	-	(43.16)	(43.16)
Total comprehensive income	-	-	-	-	1,686.90	128.32	1,815.22
Shares allotted during the year	-	-	299.81	-	-	-	299.81
Share-based payment expense	-	-	-	224.08	-	-	224.08
Balance as at 31 March 2022	-	112.23	38,555.64	872.17	47,801.96	(32.64)	87,309.36

See accompanying notes forming part of these standalone financial statements
In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm Registration No.-117366/W-100018

[Signature]
Sathya P. Koushik
Partner

Membership No.: 206920



Place: Bengaluru
Date: 17 August 2022

For and on behalf of the Board of Directors of

Sai Life Sciences Limited

CIN No. U24110TG1999PLC030970

[Signature]
K. Ranga Raju
Chairman

DIN No. 00043186



[Signature]
Krishnam Raju
Managing Director

DIN No. 00064614

[Signature]
Sivaramakrishnan Chittoor
Chief Financial Officer

Runa Karan
Company Secretary

Membership No.: A13721

Place: Hyderabad
Date: 17 August 2022

6. Property, plant and equipment

	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Furnitures and fixtures*	Vehicles	Computers	Total
Cost or deemed cost								
Balance as at 1 April 2020	523.87	15,864.86	597.78	47,027.86	1,360.66	553.54	1,419.80	67,348.37
Additions (refer note i below)	-	1,993.33	291.22	10,391.88	143.78	-	844.20	13,664.41
Disposals/retirement	-	-	-	503.38	9.17	-	-	514.55
Balance as at 31 March 2021	523.87	17,858.19	889.00	56,914.36	1,495.27	553.54	2,264.00	80,498.23
Additions (refer note i & ii below)								
Disposals/retirement	-	3,480.43	806.53	13,547.37	60.13	-	355.24	18,249.70
	14.67	-	8.05	10,967.96	410.85	39.07	554.97	11,995.57
Balance as at 31 March 2022	509.20	21,338.62	1,697.48	59,493.77	1,144.55	514.47	2,064.27	86,752.36
Accumulated depreciation								
Balance as at 1 April 2020	-	1,166.26	436.09	7,378.57	312.53	526.15	633.69	10,473.29
Charge for the year	-	567.87	83.50	3,507.71	138.41	21.76	426.24	4,745.49
Disposals/retirement	-	-	-	194.18	5.66	-	-	199.84
Balance as at 31 March 2021	-	1,734.13	539.59	10,692.10	445.28	547.91	1,059.93	15,018.94
Charge for the year	-	663.30	93.55	4,349.92	147.17	0.18	535.18	5,789.30
Disposals/retirement	-	-	0.26	3,043.84	173.79	39.07	229.25	3,486.21
Balance as at 31 March 2022	-	2,397.43	632.88	11,998.18	418.66	509.02	1,365.86	17,322.03
Net carrying amount								
As at 31 March 2021	523.87	16,124.06	349.41	46,222.26	1,049.99	5.63	1,204.07	65,479.29
As at 31 March 2022	509.20	18,941.19	1,054.60	47,495.59	725.89	5.45	698.41	69,430.33
Capital work-in-progress ₹ 18,868.65 (31 March 2021: ₹ 19,246.08) (refer note i)								
*Includes office equipment								

Notes

i) Additions to capital work-in-progress and property, plant & equipment during the year ended 31 March 2022 includes borrowing cost amounting to ₹502.66 (31 March 2021: ₹226.20).

ii) Capital work-in-progress ageing schedule:

For the year ended March 31, 2022		Amount in CWIP for a period of			
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	12,593.25	4,976.31	920.89	378.20	18,868.65
Projects temporarily suspended	-	-	-	-	-
Total	12,593.25	4,976.31	920.89	378.20	18,868.65
For the year ended March 31, 2021		Amount in CWIP for a period of			
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	13,217.20	5,449.10	579.78	-	19,246.08
Projects temporarily suspended	-	-	-	-	-
Total	13,217.20	5,449.10	579.78	-	19,246.08

Note: There is no CWIP whose completion is overdue or has exceeded its cost compared to its original plan.

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



Sai Life Sciences Limited

Notes to the Standalone financial statements for the year ended 31 March 2022 (continued)

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

7. Right-of-use assets

	Leasehold land	Buildings	Vehicles	Plant and equipment	Computers	Total
Cost						
Balance as at 1 April 2020	1,392.59	5,583.68	2,647.57	-	371.09	9,994.93
Additions during the year	-	2,259.36	908.44	-	537.82	3,705.62
Disposals/retirement	-	1,103.53	1,156.15	-	-	2,259.68
Balance as at 31 March 2021	1,392.59	6,739.51	2,399.86	-	908.91	11,440.87
Additions during the year	88.66	5,297.34	700.83	7,952.62	682.71	14,722.16
Disposals/retirement/adjustments	-	1,727.35	248.61	-	46.16	2,022.12
Balance as at 31 March 2022	1,481.25	10,309.50	2,852.08	7,952.62	1,545.46	24,140.91
Accumulated depreciation						
Balance as at 1 April 2020	72.80	3,800.01	1,564.70	-	320.91	5,758.42
Charge for the year	31.27	1,203.32	976.40	-	37.77	2,248.76
Disposals/retirement	-	294.41	634.26	-	-	928.67
Balance as at 31 March 2021	104.07	4,708.92	1,906.84	-	358.68	7,078.51
Charge for the year	36.06	813.00	791.76	-	247.00	1,887.82
Disposals/retirement/adjustments	-	258.39	214.39	-	-	472.78
Balance as at 31 March 2022	140.13	5,263.53	2,484.21	-	605.68	8,493.55
Net carrying amount						
As at 31 March 2021	1,288.52	2,030.59	493.02	-	550.23	4,362.36
As at 31 March 2022	1,341.12	5,045.97	367.87	7,952.62	939.78	15,647.36



Sai Life Sciences Limited**Notes to the Standalone financial statements for the year ended 31 March 2022 (continued)**

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

8. Other intangible assets

	Acquired software	Total
Cost or deemed cost		
Balance as at 1 April 2020	1,014.76	1,014.76
Additions during the year	23.65	23.65
Disposals/retirement	-	-
Balance as at 31 March 2021	1,038.41	1,038.41
Additions during the year	571.59	571.59
Disposals/retirement	-	-
Balance as at 31 March 2022	1,610.00	1,610.00
Accumulated amortization		
Balance as at 1 April 2020	453.15	453.15
Charge for the year	182.93	182.93
Disposals/retirement	-	-
Balance as at 31 March 2021	636.08	636.08
Charge for the year	292.68	292.68
Disposals/retirement	-	-
Balance as at 31 March 2022	928.76	928.76
Net carrying amount		
As at 31 March 2021	402.33	402.33
As at 31 March 2022	681.24	681.24



Sai Life Sciences Limited
Notes to the Standalone financial statements for the year ended 31 March 2022 (continued)

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

9. Investments
Non-current
Investment in equity instruments
Unquoted
Investments in subsidiary (at cost)

Sai Life Sciences Inc, USA

5,000 (31 March 2021: 5,000) capital stock of USD 1 each fully paid-up

24,284 (31 March 2021: 14,563) capital stock of USD 103 each fully paid-up

1,10,565 (31 March 2021: 1,10,565) capital stock of USD 40.70 each fully paid-up

Sai Life Pharma Private Limited

1,15,10,000 (31 March 2021: 1,15,10,000) equity of ₹ 10 each fully paid-up

Sai Life Drugform Private Limited*

10,000 (31 March 2021: 10,000) equity of ₹ 10 each fully paid-up

Sai Life Sciences GMBH

25,000 (31 March 2021: Nil) equity shares of Euro 1 each fully paid-up

Total investments in subsidiaries (A)
Others (at fair value through OCI)

Jeedimetla Effluent Treatment Limited

500 (31 March 2021: 500) equity shares of ₹100 each fully paid-up

Patancheru Envirotech Limited

10,878 (31 March 2021: 10,878) equity shares of ₹10 each fully paid-up

Total investment in others (at fair value through OCI) (B)
Total non-current investments (A) + (B)

Aggregate value of unquoted investments

* Sai Life Drugform Pvt Ltd., applied for strike off effective dt.25-03-2022, as such due to no operations during the year, the Company has impaired the investment, as of 31st Mar 2022

10. Other financial assets
Non-current

Fixed Deposits with maturity more than 12 months*

Security deposits

*Represents deposits held as margin money with banks.

Current

Unbilled revenue*

Derivative financial asset - FVTOCI

Fixed Deposits

Interest accrued but not due on bank deposits

Security deposits

*Classified as financial asset as right to consideration is unconditional upon passage of time

11. Non-current tax assets (net)

Advance income-tax (net of provision for taxation)

Refer Note 35 for details of income tax expense

12. Other assets

(Unsecured, considered good)

Non-current

Capital advances

Prepaid expenses

Balances with statutory authorities

Tax demand paid under protest

Current

Advance to suppliers

Prepaid expenses

Contract assets*

Balances with statutory authorities

Export incentives receivable

Other Receivables

*Changes in contract assets are as follows

Balance at the beginning of the year

Invoices raised that were included in the contract assets balance at the beginning of the year

Increase due to revenue recognised during the year, excluding amounts billed during the year

Balance at the end of the year

As at
31 March 2022

As at
31 March 2021

2.25

2.25

1,846.67

1,846.67

3,333.75

3,333.75

1,151.00

1,151.00

-

1.00

21.07

-

6,354.74

6,334.67

0.50

0.50

1.09

1.09

1.59

1.59

6,356.33

6,336.26

6,356.33

6,336.26

-

50.00

305.20

372.64

305.20

422.64

3,627.17

1,336.49

248.36

45.06

10,000.00

12,500.00

284.45

494.77

159.88

405.54

14,319.86

14,781.86

1,381.17

1,284.35

1,381.17

1,284.35

698.47

1,000.39

241.47

244.78

2,214.41

3,285.82

398.67

398.67

3,553.02

4,929.66

2,470.78

1,546.87

1,500.92

719.46

21,015.63

20,293.06

6,325.26

6,558.42

48.69

652.39

-

2.74

31,361.28

29,772.94

As at
31 March 2022

As at
31 March 2021

20,293.06

9,330.55

(15,198.01)

(7,520.96)

15,920.58

18,483.47

21,015.63

20,293.06



Sai Life Sciences Limited
Notes to the Standalone financial statements for the year ended 31 March 2022 (continued)

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

13. Inventories

	As at 31 March 2022	As at 31 March 2021
Raw materials and packing materials	7,536.02	2,997.58
Work-in-progress	3,928.93	3,645.92
Stores and spares	1,130.25	689.13
	12,595.20	7,332.63

Refer note 4(g) for basis of valuation and for details of inventories pledged, refer note 19

14. Trade receivables

(a) Considered good	23,681.65	20,269.80
(b) Trade receivables which have significant increase in credit risk	1,205.98	668.66
	24,887.63	20,938.46
Less: Allowance for doubtful receivables	1,205.98	668.66
	23,681.65	20,269.80

Refer Note 38B for the Company's credit risk management process.

Trade receivables Aging:

For the year ended March 31, 2022

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	17,562.24	5,239.68	538.42	341.31	-	-	23,681.65
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	274.00	249.56	682.42	1,205.98
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	17,562.24	5,239.68	538.42	615.31	-	682.42	24,887.63

For the year ended March 31, 2021

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	15,798.39	2,998.88	822.57	504.33	28.10	117.53	20,269.80
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	668.66	668.66
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	15,798.39	2,998.88	822.57	504.33	28.10	786.19	20,938.46

15. Cash and cash equivalents and other bank balances

	As at 31 March 2022	As at 31 March 2021
(i) Cash and cash equivalents		
Cash on hand	0.98	2.01
Balances with banks		
-in current accounts	5,250.41	6,041.76
Others	5,666.04	-
	10,917.43	6,043.77
(ii) Bank balances other than above		
Margin money/Deposit	1,435.21	965.96
	1,435.21	965.96
(iii) For the purpose of statement of cash flows, cash and cash equivalents comprise of following:		
Cash and cash equivalents (as per (i) above)	10,917.43	6,043.77
Cash credit facilities (refer note 19)	(16.53)	(2,612.74)
	10,900.90	3,431.03

16. Loans

(Unsecured, considered good)

Current

Loans to employees	55.31	18.82
	55.31	18.82



17. Equity share capital

i. Authorised share capital

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Equity shares of ₹10 each	2,03,00,000	2,030.00	2,03,00,000	2,030.00
Optionally convertible preference shares of ₹10 each	6,00,000	60.00	6,00,000	60.00
Compulsorily convertible preference shares of ₹10 each	5,00,000	50.00	5,00,000	50.00
	2,14,00,000	2,140.00	2,14,00,000	2,140.00

ii. Issued, subscribed and fully paid up

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Equity shares of ₹10 each	1,75,56,306	1,755.63	1,74,29,579	1,742.96
Compulsorily convertible preference shares of ₹ 10 each	4,80,000	38.69	4,80,000	38.69
	1,80,36,306	1,794.32	1,79,09,579	1,781.65

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

	31 March 2022		31 March 2021	
	Number	Amount	Number	Amount
Equity shares				
Balance at the beginning of the year	1,74,29,579	1,742.96	1,63,82,929	1,638.29
Add: Shares issued during the year	1,26,727	12.67	10,46,650	104.67
Balance at the end of the year	1,75,56,306	1,755.63	1,74,29,579	1,742.96
	31 March 2022		31 March 2021	
	Number	Amount	Number	Amount
Preference shares				
Balance at the beginning of the year	4,80,000	38.69	-	-
Add: Shares issued during the year-CCPS	-	-	4,80,000	38.69
Balance at the end of the year	4,80,000	38.69	4,80,000	38.69
	1,80,36,306	1,794.32	1,79,09,579	1,781.65

iv. Rights, preferences and restrictions attached to equity shares

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

v. Rights, preferences and restrictions attached to preference shares

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

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

	31 March 2022		31 March 2021	
Name of the equity shareholders	Number	% holding	Number	% holding
TPG ASIA VII SF PTE LTD	76,20,180	43.40%	76,20,180	43.72%
Kanumuri Mytrei (a Partner of Marigold Partners)	17,82,378	10.15%	17,82,378	10.23%
Ranga Raju Kanumuri (a Partner of Sunflower Partners)	11,40,729	6.50%	11,40,729	6.54%
Sai Quest Syn Private Limited	10,68,748	6.09%	10,68,748	6.13%
HBM Private Equity India	10,55,732	6.01%	10,55,732	6.06%
G. Subba Raju	9,38,730	5.35%	9,38,730	5.39%

vii. Details of shares held by the promoters of the Company:

	31 March 2022		31 March 2021		
Name of the promoters	Number	% holding	Number	% holding	% Change in holding
Ranga Raju Kanumuri (a Partner of Sunflower Partners)	11,40,729	6.50%	11,40,729	6.54%	0.04%
Ranga Raju Kanumuri (a Partner of Lily Partners)	5,10,499	2.91%	5,10,499	2.93%	0.02%
Kanumuri Mytrei (a Partner of Marigold Partners)	17,82,378	10.15%	17,82,378	10.23%	0.08%
Kanumuri Mytrei (a Partner of Tulip Partners)	7,42,262	4.23%	7,42,262	4.26%	0.03%
K. Krishnam Raju	2,95,000	1.68%	2,95,000	1.69%	0.01%
Sai Quest Syn Pvt Ltd.	10,68,748	6.09%	10,68,748	6.13%	0.04%
G.L. Tanuja	1,30,121	0.74%	1,30,121	0.75%	0.01%
G. Subba Raju	9,38,730	5.35%	9,38,730	5.39%	0.04%
K Sudha	50,000	0.28%	50,000	0.29%	0.01%
Continental Wines Pvt Ltd	1,967	0.01%	1,967	0.01%	0.00%



Sai Life Sciences Limited

Notes to the Standalone financial statements for the year ended 31 March 2022 (continued)

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

viii. Details of shareholders holding more than 5% preference shares CCPS in the Company

Name of the Preference shareholders	31 March 2022		31 March 2021	
	Number	% holding	Number	% holding
Kanumuri Mytreyi (a Partner of Marigold Partners)	1,68,134	35.03%	1,68,134	35.03%
Ranga Raju Kanumuri (a Partner of Sunflower Partners)	1,67,866	34.97%	1,67,866	34.97%
Kanumuri Mytreyi (a Partner of Tulip Partners)	72,058	15.01%	72,058	15.01%
Ranga Raju Kanumuri (a Partner of Lily Partners)	71,942	14.99%	71,942	14.99%

The rate of dividend is 0.001% p.a. on a non-cumulative basis for Compulsorily Convertible Preference Shares (CCPS) and Optionally Convertible Preference Shares (OCPS) of Rs 10/- each. Subsequent to year ended March 31, 2022, the Board of Directors of the Company approved dividend payout of not more than Rs 100 per share on the CCPS and OCPS of Rs 10/- each in their meeting on 20-June-2022.

Further, the Board of Directors in their meeting held on 20-June-2022, Declared Interim dividend of Rs. 345 lakhs (Rs. 39.63 per preference share) for the financial year ended 31-Mar-22.

ix. Shares reserved for issue under options

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

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

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

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

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

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

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

Management ESOP scheme - 2018 ("MES 2018")

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

Amended Management ESOP scheme - 2018 ("Amended MES 2018")

The Company amended the plan MES 2018 approved by the Shareholders at the Extraordinary General Meeting held on 25 March 2022. The amendment has similar terms as the MES 2018 scheme wherein the maximum number of shares reserved under this scheme is 4% of the paid up equity capital of the Company on a fully diluted basis as on the Effective Date. The options granted shall vest in a period of 5 years and as per the terms provided in the Notice of Grant. The vested options can be exercised by the employee during his term of employment with the Company.

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

(b) During the year ended 31 March 2022, the Company had incurred stock compensation cost of ₹224.08 (31 March 2021: ₹242.00) towards the above schemes.

(c) Stock options activity is as follows:

Under ESOP 2004 plan

Outstanding at the beginning of the year	
Granted during the year	
Forfeited during the year	
Exercised during the year	
Outstanding at the end of the year	
Weighted average exercise price (₹)	
Exercisable at the end of the year	

No. of options	
As at	As at
31 March 2022	31 March 2021
2,000	5,000
-	-
-	(3,000)
-	-
2,000	2,000
30	30
2,000	2,000

Under ESOP 2006 plan

Outstanding at the beginning of the year	
Granted during the year	
Forfeited during the year	
Exercised during the year	
Outstanding at the end of the year	
Weighted average exercise price (₹)	
Exercisable at the end of the year	

No. of options	
As at	As at
31 March 2022	31 March 2021
49	49
-	-
-	-
(49)	-
-	49
45	45
-	49

Under SESOS 2008 scheme

Outstanding at the beginning of the year	
Granted during the year	
Forfeited during the year	
Exercised during the year	
Outstanding at the end of the year	
Weighted average exercise price (in Rupees)	
Exercisable at the end of the year	

No. of options	
As at	As at
31 March 2022	31 March 2021
4,07,000	4,52,400
-	-
(11,250)	(25,000)
(1,16,500)	(20,400)
2,79,250	4,07,000
83,104,116,120	83,104,116,120
& 284	& 284
2,79,250	4,07,000



Under MES 2018 scheme

Outstanding at the beginning of the year
Granted during the year
Forfeited/Lapsed during the year

Exercised during the year
Outstanding at the end of the year
Weighted average exercise price (in Rupees)
Exercisable at the end of the year

No. of options	
As at 31 March 2022	As at 31 March 2021
5,30,000	7,55,000
-	80,000
(2,18,397)	(3,05,000)
(3,928)	-
3,07,675	5,30,000
1273 & 1889	1273 & 1889
3,07,675	5,30,000

Under Amended MES 2018 scheme

Outstanding at the beginning of the year
Granted during the year
Forfeited during the year
Exercised during the year
Outstanding at the end of the year
Weighted average exercise price (₹)
Exercisable at the end of the year

As at 31 March 2022	As at 31 March 2021
-	-
1,50,000	-
-	-
-	-
1,50,000	-
1,273	-
1,50,000	-

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

Date of grant
Risk-free interest rate
Expected life (in years)
Expected volatility
Expected dividend yield

Date of grant
Risk-free interest rate
Expected life (in years)
Expected volatility
Expected dividend yield

For the year ended 31 March 2022		
AMES 2018		
25-Mar-22		
6.00%		
5		
14.97%		
0.00%		
For the year ended 31 March 2021		
MES 2018 10-Jun-20	MES 2018 29-Sep-20	MES 2018 17-Feb-21
7.00%	7.00%	7.00%
5	5	5
16.70%	16.70%	16.70%
0.00%	0.00%	0.00%

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

18. Other equity

Securities premium (Note a)
Capital reserve (Note b)
Employee stock options outstanding account (Note c)
Retained earnings (Note d)
Cash flow hedge reserve (Note e)

As at 31 March 2022	As at 31 March 2021
38,555.64	38,255.83
112.23	112.23
872.17	706.09
47,801.96	46,057.06
(32.64)	(160.96)
(32.64)	(160.96)
87,309.36	84,970.25

Nature and purpose of reserves**(a) Securities premium**

The amount received in excess of face value of the equity shares is recognised in Securities Premium. During the year ended 31 March 2022 and 31 March 2021, the Company issued 1,26,727 and 10,46,650 equity shares respectively.

(b) Capital reserve

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

(c) Employee stock options outstanding account

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

(d) Retained earnings

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

(e) Cash flow hedge reserve

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



Movement in other equity

	As at 31 March 2022	As at 31 March 2021
1) Securities premium		
Balance at the beginning of the year	38,255.83	38,159.20
Add: Amount on account of shares issued (net of related expenses)	299.81	96.63
Balance at the end of the year	38,555.64	38,255.83
2) Capital reserve		
Balance at the beginning of the year	112.23	112.23
Movement during the year	-	-
	112.23	112.23
3) Employee stock options outstanding account		
Balance at the beginning of the year	706.09	505.90
Amount transferred on exercise/forfeiture of employee stock options	(58.16)	(41.81)
Share-based payment expense	224.08	242.00
	872.01	706.09
4) Retained earnings		
Balance at the beginning of the year	46,057.06	39,422.95
Re-measurement of defined benefit obligation (net of tax)	118.64	61.90
Amount transferred on exercise/forfeiture of employee stock options	58.16	41.81
Profit for the year	1,568.26	6,530.40
	47,802.12	46,057.06
5) Cash flow hedge reserve		
Balance at the beginning of the year	(160.96)	(537.15)
Effective portion of cash flow hedges (net of tax)	128.32	376.19
	(32.64)	(160.96)

19. Borrowings

	As at 31 March 2022	As at 31 March 2021
Non-current		
(Secured - at amortized cost)		
Term loans		
From banks [refer note (i) to (xii)]	34,725.87	27,873.53
	34,725.87	27,873.53
Less: Current maturities of long-term loans	5,008.84	3,229.56
	29,717.03	24,643.97

Terms and conditions of loans and nature of security

- Term loan (USD denominated) from State Bank of India amounting to ₹6,958.82 (31 March 2021: ₹Nil) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all net current assets both present and future of the Company. This loan carries interest rate of 6 months MCLR +0.55% and is repayable in unequal quarterly instalment commencing from June 2023 with last instalment falling due in March 2030.
- CCECL (Demand loan) from SBI Bank amounting to ₹ Nil (31 March 2021: ₹ 480.00) is secured by way of pari passu second charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu first charge on all current assets both present and future of the Company. This loan carries interest rate equal to MCLR per annum with monthly rests and was repayable in equal Monthly instalments commencing from October 2020 and the last repayment falling due in March 2022.
- CCECL (Demand loan) from SBI Bank amounting to ₹ 1,875.79 (31 March 2021: ₹ Nil) is secured by way of pari passu second charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu first charge on all current assets both present and future of the Company. This loan carries interest rate equal to 6 months MCLR per annum + 1% with monthly rests and was repayable in equal Monthly instalments commencing from March 2022 and the last repayment falling due in March 2026.
- Term loan (USD denominated) from State Bank of India amounting to ₹1,875.00 (31 March 2021: ₹2,715.34) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate ranging from 8.47% to 10.3% per annum and is repayable in unequal quarterly instalment commencing from September 2017 with last instalment falling due in March 2024.
- Term loans (USD denominated) from IndusInd Bank amounting to ₹551.45 (31 March 2021: ₹695.70) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. These loans carry interest rate ranging from 2.68% to 3.43% per annum and are repayable in unequal quarterly instalments commencing from July 2017 with the last instalment falling due in March 2025.
- Term loan from IndusInd Bank amounting to ₹ 262.85 (31 March 2021: ₹ 341.63) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate ranging from 5.06% to 6.05% per annum and was repayable in unequal quarterly instalments commencing from December 2017 and the last repayment falling due in March 2025.



- (vii) Term loan from IndusInd Bank amounting to ₹ 7,125.00 (31 March 2021: ₹ 7,489.10) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate of 7.35% linked to 6 months T-Bill Rate and was repayable in unequal quarterly instalments commencing from March 2022 and the last repayment falling due in December 2028.
- (viii) Term loan (USD denominated) from Standard Chartered Bank Limited amounting to ₹ 1,444.08 (31 March 2021: ₹ 2,321.70) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate ranging from 1.98% to 3.38% per annum and is repayable in quarterly instalments commencing from November 2019 with the last instalment falling in August 2023.
- (ix) Term loan from Kotak Bank amounting to ₹ 7,500.00 (31 March 2021: ₹ 7,500.00) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate of 7.35% per annum and was repayable in unequal quarterly instalments commencing from November 2022 and the last repayment falling due in August 2027.
- (x) Term loan from HDFC Bank amounting to ₹ 4,625.00 (31 March 2021: ₹ 5,000.00) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate of 9.00% per annum and was repayable in unequal quarterly instalments commencing from July 2021 and the last repayment falling due in April 2026.
- (xi) Working capital Term loan facility under Guaranteed Emergency Credit Line from ICICI Bank amounting to ₹ 1,368.88 (31 March 2021: ₹ 1,398.00) is secured by way of pari passu second charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate of MCLR +1% or 9.00% per annum which ever is lower and was repayable in equal Monthly instalments commencing from March 2021 and the last repayment falling due in March 2026.
- (xii) Working capital Term loan facility under Guaranteed Emergency Credit Line from Kotak Bank amounting to ₹ 1,139.00 (31 March 2021: ₹ Nil) is secured by way of pari passu second charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate of 7.4% per annum which ever is lower and was repayable in equal Monthly instalments commencing from April 2022 and the last repayment falling due in March 2026.
- (xiii) The Company has used the borrowings for the purposes for which it was taken.
- (xiv) The quarterly returns of current assets filed by the Company with banks are in agreement with books of accounts.

	As at 31 March 2022	As at 31 March 2021
Short term borrowings		
<i>(Secured - at amortized cost)</i>		
Working capital loans from banks*	37,026.43	32,398.11
Current maturities of long-term loans	5,008.84	3,229.56
<i>(Unsecured - at amortized cost)</i>		
Working capital loans repayable on demand - Buyers credit facility	3,379.67	3,398.13
	45,414.94	39,025.80
	(16.53)	(2,612.74)

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

20. Lease liabilities *

Non-current	12,611.41	1,953.50
Current	2,465.42	1,063.99
	15,076.83	3,017.49

*Refer note 45

21. Other financial liabilities

Non-current		
Optionally convertible preference shares pursuant to Scheme of Arrangement	48.03	48.03
Derivative liabilities - FVTOCI	232.04	135.88
	280.07	183.91
Current		
Interest accrued and due on borrowings	106.22	152.62
Interest accrued but not due on borrowings	5.79	9.11
Capital creditors (refer note (a) below)	812.50	2,453.47
Derivative liabilities - FVTOCI	12.02	76.69
	936.53	2,691.89

a) Capital creditors include outstanding dues of micro enterprises and small enterprises to the extent of ₹ 123.31 (31 March 2021: ₹ 292.97)



22. Provisions

	As at 31 March 2022	As at 31 March 2021
Non-current		
Gratuity	1,396.11	1,365.74
Compensated absences	497.02	543.53
	1,893.13	1,909.27
Current		
Gratuity	294.91	279.06
Compensated absences	297.71	291.24
	592.62	570.30

Employee benefits

The Company has the following post -employment benefits plans:

(a) Defined contribution plan

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

	For the year ended 31 March 2022	For the year ended 31 March 2021
Contribution to provident fund	664.73	592.10
Contribution to employees state insurance schemes	5.42	5.83
	670.15	597.93

(b) Gratuity

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

(i) Change in defined benefit obligation

Defined benefit obligation at the beginning of the year	1,644.80	1,436.80
Current service cost	385.71	337.69
Interest cost	86.14	85.79
<i>Actuarial (gain)/loss on obligation</i>		
Loss/(gain) from change in financial assumptions	(21.99)	41.71
Loss/(gain) on account of experience adjustments	(136.56)	(124.44)
Past service cost	-	-
Benefits paid	(267.08)	(132.75)
Defined benefit obligation at the end of the year	1,691.02	1,644.80

(ii) Reconciliation of present value of obligation on the fair value of plan assets

Present value of projected benefit obligation at the end of the year (i)	1,691.02	1,644.80
Funded status of the plans (ii)	-	-
Net liability recognised in the balance sheet (i)- (ii)	1,691.02	1,644.80

(iii) Expense recognised in the statement of profit and loss

Included under finance cost		
Interest cost	86.14	85.79
Included under employee benefits		
Service cost	385.71	337.69
Past service cost	-	-
	385.71	337.69
Net gratuity costs	471.85	423.48

(iv) Expense recognised in other comprehensive income

3w Recognised net actuarial loss/(gain)	(158.55)	(82.72)
	(158.55)	(82.72)

(v) Key actuarial assumptions

	For the year ended	For the year ended
Discount rate	5.98%	5.70%
Salary escalation rate	10.00%	10.00%
Expected average remaining service	3.86	3.86
Mortality	IALM (2012-14)	IALM (2012-14)
	Ultimate	Ultimate
Attrition rate	20.00%	20.00%
Retirement age-years	58	58



(vi) Sensitivity analysis

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

Particulars	31 March 2022		31 March 2021	
	Increase in rate	rate	Increase in rate	Decrease in rate
Discount rate (+ / - 1% movement)	1,616.88	1,772.24	1,571.77	1,724.90
Salary escalation rate (+ / - 1% movement)	1,757.49	1,628.40	1,710.22	1,583.19

Maturity profile of the defined benefit obligation

Expected cash flows over the next :	31 March 2022	31 March 2021
1 year	294.91	279.06
2 - 5 years	888.99	862.12
5 - 10 years	657.45	629.22

23. Deferred tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Deferred tax liabilities arising on account of :		
Property, plant and equipment	4,912.63	4,697.72
Contract assets	2,161.29	2,635.61
Lease liabilities less ROU assets	143.59	-
Others	3.32	31.27
Deferred tax assets arising on account of :		
Right-of-use assets	-	(16.62)
Provision for employee benefits	(625.61)	(622.29)
Provision for trade receivables and advances	(303.58)	(203.89)
Derivative instruments - FVTOCI	(64.40)	(107.56)
Deferred tax liabilities, (net)	6,227.24	6,414.24

Movement in deferred tax assets/deferred tax liabilities

	1 April 2020	Recognized in statement of profit	Recognized in OCI	31 March 2021
Deferred tax liabilities arising on account of :				
Property, plant and equipment	5,879.14	(1,181.42)	-	4,697.72
Other non-current assets / financial liabilities	31.56	(0.29)	-	31.27
Contract assets	1,537.05	1,098.56	-	2,635.61
Deferred tax assets arising on account of :				
Unused tax credits	(1,775.03)	1,775.03	-	-
Right-of-use assets	(22.88)	6.26	-	(16.62)
Provision for employee benefits	(696.38)	53.27	20.82	(622.29)
Provision for trade receivables and advances	(253.17)	49.28	-	(203.89)
Derivative instruments - FVTOCI	(234.09)	-	126.53	(107.56)
Others	(54.43)	54.43	-	-
	4,411.77	1,855.12	147.35	6,414.24
	1 April 2021	Recognized in statement of profit	Recognized in OCI	31 March 2022
Deferred tax liabilities arising on account of :				
Property, plant and equipment	4,697.72	214.91	-	4,912.63
Other non-current assets / financial liabilities	31.27	(27.95)	-	3.32
Lease liabilities less ROU assets	-	143.59	-	143.59
Contract assets	2,635.61	(474.32)	-	2,161.29
Deferred tax assets arising on account of :				
Right-of-use assets	(16.62)	16.62	-	-
Provision for employee benefits	(622.29)	(43.23)	39.91	(625.61)
Provision for trade receivables and advances	(203.89)	(99.69)	-	(303.58)
Derivative instruments - FVTOCI	(107.56)	-	43.16	(64.40)
	6,414.24	(270.07)	83.07	6,227.24



Sai Life Sciences Limited
Notes to the Standalone financial statements for the year ended 31 March 2022 (continued)

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

24. Trade payables

	As at 31 March 2022	As at 31 March 2021
(A) Total outstanding dues of micro enterprises and small enterprises (Refer note 44)	1,221.41	840.36
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises*	18,079.90	13,585.63
	19,301.31	14,425.99

* Includes amount payable to related parties - Refer note 40

For the year ended March 31, 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i). MSME	1,217.81	3.60	-	-	1,221.41
(ii) Others	16,704.90	546.27	5.10	-	17,256.27
(iii). Disputed Dues - MSME	-	-	-	-	-
(iv). Disputed Dues - Others	-	-	-	-	-
(v). Unbilled Dues	823.63	-	-	-	823.63
Total	18,746.34	549.87	5.10	-	19,301.31

For the year ended March 31, 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i). MSME	840.73	-	-	-	840.73
(ii) Others	12,893.49	114.26	-	-	13,007.75
(iii). Disputed Dues - MSME	-	-	-	-	-
(iv). Disputed Dues - Others	-	-	-	-	-
(v). Unbilled Dues	577.51	-	-	-	577.51
Total	14,311.73	114.26	-	-	14,425.99

25. Other liabilities
Current

	As at 31 March 2022	As at 31 March 2021
Advance from customers	1,120.01	659.31
Payable to statutory authorities	672.90	824.59
Other Advances	-	500.00
	1,792.91	1,983.90

26. Current tax liabilities (net)

Provision for income tax (net of advance tax)	252.95	30.10
	252.95	30.10



Sai Life Sciences Limited

Notes to the Standalone financial statements for the year ended 31 March 2022 (continued)

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

27. Revenue from operations

	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of goods and services		
Revenue from contract research and manufacturing activities*	84,055.08	75,028.49
Other operating income		
Income from export incentives	47.20	118.29
	84,102.28	75,146.78
*Disaggregation of revenue from contract research and manufacturing activities into over time and at a point in time		
Timing of recognition		
At a point in time	33,108.43	26,723.69
Over time	50,946.65	48,304.80
Total	84,055.08	75,028.49

28. Other income

Interest income from fixed deposits	674.81	756.15
Interest income on financial assets at amortised cost	30.18	38.77
Foreign exchange gain (net)	978.21	1,583.49
Interest on income tax refund	-	32.54
Profit on Sale of PPE	1,131.47	-
Provisions no longer required written back	-	317.92
	2,814.67	2,728.87

29. Cost of materials consumed

Raw material and packing material at the beginning of the year	2,997.58	1,949.86
Add: Purchases/adjustments	29,652.56	24,316.81
Less: Raw material and packing material at the end of the year	(7,536.02)	(2,997.58)
	25,114.12	23,269.09

30. Changes in inventories of work-in-progress

Opening balance		
- Work-in-progress	3,645.92	1,996.09
(A)	3,645.92	1,996.09
Closing balance		
- Work-in-progress	3,928.93	3,645.92
(B)	3,928.93	3,645.92
(A) - (B)	(283.01)	(1,649.83)

31. Employee benefits expense

Salaries, wages and bonus (refer note (a) below)	24,183.72	18,120.59
Gratuity	385.71	337.69
Contribution to provident and other funds	670.15	597.93
Employee-share based payment expense-equity settled	224.08	242.00
Staff welfare expenses	873.66	1,065.57
	26,337.32	20,363.78

(a) Includes contract labour charges of ₹ 2,537.68 (31 March 2021: ₹ 1,731.45)

32. Finance costs

Interest on financial liabilities measured at amortised cost (net of borrowing cost of ₹ 502.66 (Mar 21 : ₹ 226.20) capitalised to property, plant and equipment)	3,719.25	2,364.42
Interest on lease liabilities	507.98	315.48
Interest on net defined benefit liability	129.83	117.90
Interest on MSME payables	53.37	-
Interest - others	338.32	136.56
	4,748.75	2,934.36



Sai Life Sciences Limited**Notes to the Standalone financial statements for the year ended 31 March 2022 (continued)**

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

33. Depreciation and amortisation expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of property, plant & equipment (refer note 6)	5,789.30	4,745.49
Depreciation on right-of-use assets (refer note 7)	1,887.82	2,248.76
Amortisation of intangible assets (refer note 8)	292.68	182.93
	7,969.80	7,177.18

34. Other expenses

Consumption of stores and spares	3,168.71	1,999.03
Power and fuel	3,186.17	2,724.95
Rent	57.73	72.82
Repairs and maintenance:		
- Buildings	268.42	316.92
- Plant and equipment	2,327.97	1,223.91
- Others	1,489.87	958.64
Insurance	581.44	699.17
Rates and taxes	509.36	345.59
Outside contract cost	303.24	214.18
Carriage and freight outwards	263.26	318.91
Communication expenses	109.29	155.24
Office maintenance and housekeeping expenses	420.78	392.96
Travelling and conveyance	216.77	176.98
Legal and professional fees (refer note (i) below)	5,534.86	5,793.61
Corporate social responsibility (CSR) expenditure (refer note (ii) below)	236.22	232.00
Provision towards doubtful trade receivables (refer note 38B)	537.32	45.99
Bad debts written off (net of recoveries) (refer note 38B)	74.31	18.48
Bank charges	348.92	276.89
Net loss on disposal of property, plant and equipment	-	183.30
Sales promotion expenses including sales commission	263.91	115.84
Membership and subscription	595.24	653.83
Printing and stationery	103.05	90.08
Impairment of Investment in Sai Life Drugform Private Limited	1.00	-
Miscellaneous expenses	196.92	13.66
	20,794.76	17,022.98

(i) Details of Auditor's remuneration :**As auditor:**

- Audit fee	50.00	42.50
- Certification fees	14.50	5.25
- Reimbursement of expenses	1.94	1.43
	66.44	49.18



(ii) Details of CSR expenditure :

As required under Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. During the year, the Company was required to spend ₹ 233.50 (March 2021 - ₹ 215.66) for contributing through Technology, conducting free medical program in rural areas, by taking actions on Environmental sustainability, by associating with NGO education system in rural areas and providing water storage.

Amount spent during the year on:	For the year ended 31 March 2022	For the year ended 31 March 2021
i) Gross amount required to be spent by the Company during the year	233.50	215.66
ii) Amount Spent during the year on the above	236.28	232.00
iii) Shortfall at the end of the year	-	-
iv) Total of previous year shortfall	-	-
v) Reason for shortfall	N/A	N/A
vi) Nature of activity	See note above	See note above
vii) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	-	-
viii) where a provision is made with respect to liability incurred-movement in the provision needs to be disclosed separately	-	-

35. Income tax**Tax expense comprises of:**

Current tax	937.02	372.57
Deferred tax	(270.07)	1,855.12
Income tax expense reported in the statement of profit or loss	666.95	2,227.69

During the previous year, the Company elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.17% and the reported tax expense in the statement of profit and loss is as follows:

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

Profit before tax	2,235.21	8,758.09
Tax at the Indian tax rate (25.17%) [31 March 2021: 25.17%]	562.56	2,204.41
Adjustments		
Effect of concessions (80JAA)	(27.95)	(32.22)
Disallowance of CSR expenditure	59.45	58.39
Benefit of lower tax rate on capital gain	(36.86)	-
Others	109.75	(2.89)
Income tax expense	666.95	2,227.69

36. Earnings per equity share [EPES]

Profit attributable to equity shareholders	1,568.26	6,530.40
Weighted average number of equity shares outstanding during the year	1,74,87,831	1,69,39,935
Effect of dilution:		
Employee stock options	2,88,561	3,00,218
Weighted average number of equity shares adjusted for the effect of dilution	1,77,76,392	1,72,40,153
Earnings per equity share (in absolute ₹ terms) :		
Basic	8.97	38.55
Diluted	8.82	37.88
Nominal Value per share equity share	10	10



37. Fair value measurements**Risk management framework:**

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

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

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

	Level 1		Level 2		Level 3	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Financial assets - Unlisted equity instruments measured at FVTOCI* and derivative instruments designated in hedge accounting relationship	-	-	248.36	45.06	1.59	1.59
Financial liabilities - Derivative financial instruments - loss on outstanding foreign exchange forwards, options, currency swap contracts and interest rate swap contracts ⁽¹⁾	-	-	244.06	212.57	-	-

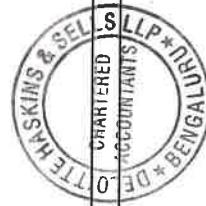
⁽¹⁾ The Company enters into derivative financial instruments with various counterparties, principally banks. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forwards, options and swap contracts. These derivative financial instruments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

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

Financial instruments by category

	31 March 2022			31 March 2021		
	FV/TPL	FV/TOCI	Amortised cost	FV/TPL	FV/TOCI	Amortised cost
Financial assets						
Investments	-	1.59	6,354.74	-	1.59	6,334.67
Trade receivables	-	-	23,681.65	-	-	20,269.80
Loans	-	-	55.31	-	-	18.82
Cash and cash equivalents	-	-	10,917.43	-	-	6,043.77
Other bank balances	-	-	1,435.21	-	-	965.96
Other financial assets	-	248.36	14,376.70	-	45.06	15,159.44
Total financial assets	-	249.95	56,821.04	-	46.65	48,792.46

	31 March 2022			31 March 2021		
	FV/TPL	FV/TOCI	Amortised cost	FV/TPL	FV/TOCI	Amortised cost
Financial liabilities						
Borrowings	-	-	75,131.97	-	-	63,669.77
Lease liabilities	-	-	15,076.83	-	-	3,017.49
Trade payables	-	-	19,301.31	-	-	14,425.99
Other financial liabilities	-	244.06	972.54	-	212.57	2,663.23
Total financial liabilities	-	244.06	1,10,482.65	-	212.57	83,776.48



37. Fair value measurements (continued)
(ii) Measurement of fair values
Valuation technique and significant unobservable inputs

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

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

(iii) Transfer between Level 1 and 2
There have been no transfers from Level 2 to Level 1 or vice-versa in 2021-22 and no transfers in either direction in 2020-21.



38. Financial instruments risk management**A. Market risk:**

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

The sensitivity analysis in the following sections relate to the position as at 31 March 2022 and 31 March 2021. The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations; provisions; and non-financial assets and liabilities.

i. Interest rate risk:

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

Interest rate sensitivity analysis

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

If interest rate had been 10 basis points higher/lower in case of foreign currency borrowings and 50 basis points higher/ lower in case of rupee borrowings and all other variables were held constant, the Company's profit for the year ended 31 March 2022 would decrease/increase by ₹ 281.12 (31 March 2021: ₹ 238.47)

ii. Foreign currency risk:

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

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

	31 March 2022				31 March 2021			
	Investments	Trade receivables*	Balances in bank	Other assets	Investments	Trade receivables*	Balances in bank	Other assets
- USD	5,182.67	21,165.28	1.39	205.77	5,182.67	15,144.08	405.61	1,033.69
- EUR	-	1,548.35	-	15.80	-	3,977.88	-	40.00
- GBP	-	55.01	158.43	8.53	-	89.98	1,529.00	164.00
- Others	-	14.51	40.85	1.32	-	149.70	58.07	-

* This amount excludes ECL

Financial liabilities

	31 March 2022				31 March 2021			
	Borrowings#	Trade payables	Capital creditors	Borrowings#	Trade payables	Capital creditors	Borrowings#	Capital creditors
- USD	16,157.69	5,134.79	40.24	19,932.37	2,386.58	503.12	-	-
- EUR	-	15.88	-	171.71	3.46	10.72	-	-
- GBP	-	45.00	-	-	-	186.45	-	-
- Others	-	20.87	-	-	5.06	-	-	-

This amount includes interest accrued



(b) Foreign currency sensitivity

Particulars	Impact on income
-------------	------------------

Particulars	Impact on income	
	31 March 2022	31 March 2021
<i>USD sensitivity</i>		
₹/USD - Increase by 1%	52.22	(10.56)
₹/USD - Decrease by 1%	(52.22)	10.56
<i>EUR sensitivity</i>		
₹/EUR - Increase by 1%	15.48	38.32
₹/EUR - Decrease by 1%	(15.48)	(38.32)
<i>GBP sensitivity</i>		
₹/GBP - Increase by 1%	1.77	15.97
₹/GBP - Decrease by 1%	(1.77)	(15.97)

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

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

	Sell	Buy	31 March 2022		31 March 2021	
			No of contracts outstanding	Amount in Lakhs	No of contracts outstanding	Amount in Lakhs
Forward contract	US\$	₹	111	\$ 386.45	27	\$89.54
Currency swaps	₹	US\$	-	-	1	₹ 350.46
Currency swaps	US\$	EUR	-	-	1	\$8.96
Interest rate swaps INR (floating to fixed)			1	₹ 6,937.50		
Interest rate swaps USD (floating to fixed)			2	\$ 25.77	1	\$31.76

The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 23,681.65 (31 March 2021: ₹ 20,269.80). The movement in allowance for impairment in respect of trade receivables during the year was as follows:

As at

	31 March 2022	31 March 2021
Opening balance	668.66	622.67
Provision towards doubtful trade receivables	611.63	64.47
Amounts written off	(74.31)	(18.48)
Closing balance	1,205.98	668.66



C. Liquidity risk

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

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

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

Maturities of financial liabilities

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

31 March 2022					
	Carrying amount	Contractual cash flows			Total
		Up to 1 year	From 1 to 3 years	More than 3 years	
Non-derivative financial liabilities					
Borrowings	75,131.97	45,414.94	11,894.78	17,822.25	75,131.97
Lease liabilities	15,076.83	2,465.42	4,525.78	8,085.63	15,076.83
Trade and other payables	19,301.31	19,301.31	-	-	19,301.31
Other financial liabilities	972.54	924.51	48.03	-	972.54
Total	1,10,482.65	68,106.18	16,468.59	25,907.88	1,10,482.65
31 March 2021					
	Carrying amount	Contractual cash flows			Total
		Up to 1 year	From 1 to 3 years	More than 3 years	
Non-derivative financial liabilities					
Borrowings	63,669.77	39,025.80	13,197.16	11,446.81	63,669.77
Lease liabilities	3,017.49	1,063.99	1,186.42	767.08	3,017.49
Trade payable	14,425.99	14,425.99	-	-	14,425.99
Other financial liabilities	2,663.23	2,615.20	48.03	-	2,663.23
Total	83,776.48	57,130.98	14,431.61	12,213.89	83,776.48

39. Capital risk management

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

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

	31 March 2022	31 March 2021
Total borrowings (note 19)	75,131.97	63,669.77
Less: Cash and cash equivalents (note 15(i))	10,917.43	6,043.77
Less: Other bank balances (note 15 (ii)) and Deposits classified under Other financial assets (note 10)	11,435.21	13,515.96
Net debt (A)	52,779.33	44,110.04
Total equity (B)	89,103.68	86,751.90
Net debt to equity ratio (A)/(B)	0.59	0.51



40. Related party disclosures

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

Names of related parties	Nature of relationship
Sai Life Sciences Inc, USA	Subsidiary Company
Sai Life Sciences GMBH, Germany	Subsidiary Company
Sai Life Pharma Private Limited	Subsidiary Company
Sai Life Drugform Private Limited	Subsidiary Company, applied for strike off effective dt.25-03-2022
R R Kabel Limited	Entities in which investor director have significant influence
Sai Quest Syn Private Limited	Entities in which KMP have control or have significant influence
TPG Asia VII SF Pte Ltd	Entity having significant influence on the Company
Soma Khadi Gramodyog Sangha	Entities in which KMP have control or have significant influence
Dr. K Ranga Raju	Key management personnel ("KMP")
Krishnam Raju	
Jayant Bhalchandra Manmadkar (resigned as Chief Financial Officer on 1 July 2021)	
Sivaramakrishnan Chittor (appointed as Chief Financial Officer w.e.f. 1 July 2021)	
Runa Karan	
Dr. Raju A Penmasta	Director
Puneet Bhatia	
Mitesh Daga	
Rajagopal S. Tatta	Independent Director
Nandita Gurjar	

(b) Transactions with related parties

	For the year ended	
	31 March 2022	31 March 2021
Transactions with subsidiary companies		
Consultancy services received	3,904.19	4,286.41
- Sai Life Sciences Inc.	3,904.19	4,286.41
Research Services Provided	543.29	139.69
- Sai Life Sciences Inc	543.29	139.69
Reimbursement of expenses	-	5.90
- Sai Life Pharma Private Limited	-	5.90
Investment in equity share capital	21.06	4,098.17
- Sai Life Sciences Inc	-	4,098.17
- Sai Life Sciences GMBH	21.06	-
Issue of Standby Line of Credit	328.97	317.32
- Sai Life Sciences Inc	328.97	317.32
Transactions with Subsidiaries	150.34	86.84
- Sai Life Pharma Private Limited (Rent expenses)	13.54	5.66
- Sai Life Sciences Inc (Sale of Lab consumables)	136.80	78.36
- Sai Life Pharma Private Limited (Payment on behalf)	-	2.82
Transactions with independent directors	65.05	64.09
Commission	60.73	60.90
Sitting fees	4.04	2.79
Reimbursement of expenses	0.28	0.40
Transactions with KMP	400.68	883.06
Managerial remuneration*	400.68	883.06



Sai Life Sciences Limited
Notes to the Standalone financial statements for the year ended 31 March 2022 (continued)

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

(c) Balances outstanding

	As at	
	31 March 2022	31 March 2021
Payables		
Subsidiary company	160.30	1,205.99
- Sai Life Sciences Inc	136.80	895.22
- Sai Life Pharma Private Limited	1.22	3.92
KMP	22.28	306.85
Receivables		
Subsidiary companies	552.93	137.59
- Sai Life Sciences Inc	552.93	137.59
Advances Given		
Subsidiary companies	1,576.85	337.61
- Sai Life Sciences Inc	1,576.85	337.61
Investment in equity share capital	6,354.73	6,334.67
- Sai Life Sciences Inc	5,182.67	5,182.67
- Sai Life Sciences GMBH	21.06	-
- Sai Life Pharma Private Limited	1,151.00	1,151.00
- Sai Life Drugform Private Limited**	-	1.00
Entity in which KMP has control or significant influence		
Rental deposit	30.00	30.00

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

** Investment impaired during the year 31 March 2022.

(d) Transaction with related parties

In accordance with the applicable provisions of the Income Tax Act, 1961, the Company is required to use certain specified methods in assessing that the transactions with the related parties, are carried at an arm's length price and is also required to maintain prescribed information and documents to support such assessment. The appropriate method to be adopted will depend on the nature of transactions / class of transactions, class of associated persons, functions performed and other factors as prescribed. Based on certain internal analysis carried out, management believes that transactions entered into with the related parties were carried out at arms length prices. The Company is in the process of updating the transfer pricing documentation for the financial year ended 31 March 2022. In opinion of the management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

41. Segment reporting

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

	For the year ended	
	31 March 2022	31 March 2021
(i) Revenue from External customers		
India	6,814.87	4,267.55
Outside India	77,240.21	70,760.94
(ii) Non-Current Assets (Other than financial instruments)		
India	98,576.10	90,398.21
Outside India	10,985.67	5,305.87
(iii) Major Customer		
The Company has one customer who contributed more than 10% of the Company's total revenue. The revenue from such major customer during the year is ₹ 9,417.23 (31 March 2021: ₹ 12,799.74)		

42. Contingent liabilities and commitments

	As at	
	31 March 2022	31 March 2021
(a) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,673.28	8,548.81
(b) Contingent liabilities		
Claims arising from disputes not acknowledged as debts in respect of:		
Excise duty liabilities - refer note (c) (i) below	72.48	72.48
Service tax liabilities - refer note (c) (ii) below	123.62	123.62
Entry tax liabilities - refer note (c) (iii) below	-	12.41
Provident Fund Damages relating to PF contribution of international workers - refer note (c) (iv) below	218.91	218.91
Income tax liabilities - refer note (c) (v) below	565.84	372.24
VAT liabilities - refer note (c) (vi) below	592.52	592.52



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

(ii) The Service tax department has raised a demand on the ground that that the Place of Provision of Service is in India and as such there is no export of service by the Company applying Rule 4 of Place of Provision of Service Rules, 2012. (POPS Rules) with respect to Drug Metabolism and Pharmacokinetic (DMPK) services rendered by the Company. Appeal filed before CESTAT- Pune, on 27 April 15 and Final Order received. Appeal is filed before Honourable High Court on 9 Dec 19 and Personal Hearing is attended on 27 Feb 20. Appeal has been admitted by High court on 5th July 2022.

(iii) The Company has received Entry Tax Assessment orders on 19 February 2018 passed by Commercial Tax Officer, Saroor Nagar Circle (adjudicating authorities) demanding Entry tax on the goods (namely furnace oil and networking cables) purchased from outside the State of Telangana for the Financial years 2013-14 to FY 2016 -17 for an amount of ₹ 11.27 and Company has filed an appeal with Appellate Joint Commissioner (ST) ("Appellate Authorities") on 21 March 2018 on the grounds that said goods are inputs and are excluded from levy of Entry Tax. Personal hearing before the Appellate authorities was concluded on 20 March 2020 and Order was passed on 31 March 2020 dismissing the appeal filed by the Company on the grounds that the said goods do not qualify as 'inputs' forming part of final products and not eligible for exemption. Against the amount of VAT refund receivable, the Authorities had adjusted the liabilities of Entry Tax (in full) for the Financials years 2013-14 to FY 2016-17 on 19 December 2020 and the matters were closed.

Under the same grounds, the Company has received Entry Tax Assessment orders on 28 October 2019 for the period of Apr-17 to Jun-17 for an Amount of ₹ 1.13 and Company has filed an appeal with Appellate Joint Commissioner (ST) ("Appellate Authorities") on 22 November 2019. Personal hearing before the Appellate authorities was concluded on 20 March 2020 and Order was passed on 31 March 2020 dismissing the appeal filed by the Company on the grounds that the said goods do not qualify as 'inputs' forming part of final products and not eligible for exemption. Demand notice is received in the month of September 2020 for recovery of tax arrears. A letter was submitted on 4 Nov 20 requesting not to initiate recovery proceedings pending receipt of the Order. The Company has paid discharged the liabilities of Entry Tax (in full) for the period April 2017 to June 2017 on 30th March 2022 and the matters were closed.

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

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

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

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

(v) During the previous years the Company has received a demand from income tax authorities relating to financial year 2015-16, 2016-17 & 2017-18 regarding certain disallowances in the income tax return of that year. The Company has filed an appeal and is pending hearing.

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

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

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



Sai Life Sciences Limited**Notes to the Standalone financial statements for the year ended 31 March 2022 (continued)**

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

43. Other statutory disclosures

- i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- ii) The Company does not have any transactions with companies struck off.
- iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- viii) The Company has not any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

44. Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro, Small and Medium Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2022 & 31 March 2021 has been made in the financial statements based on information received and available with the Company. Further, in the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

	31 March 2022	31 March 2021
The principal amount remaining unpaid to any supplier as at the end of each accounting year*	1,291.35	1,133.33
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	53.37	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-

* Includes amounts payable to trade creditors ₹ 1221.47 (31 March 2021: ₹ 840.36) and capital creditors ₹ 123.31 (31 March 2021: ₹ 292.97)

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



Sai Life Sciences Limited**Notes to the Standalone financial statements for the year ended 31 March 2022 (continued)**

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

45 Leases

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

Lease liabilities

Particulars	As at	As at
	31 March 2022	31 March 2021
Opening balance	3,017.49	3,817.63
Additions	15,257.16	3,087.87
Deletions	(1,556.04)	(1,573.27)
Accretion of interest	507.98	315.48
Payments	(2,149.76)	(2,630.22)
Closing balance	15,076.83	3,017.49
Current	2,465.42	1,063.99
Non-current	12,611.41	1,953.50

Amount recognised in Statement of Profit and Loss

Particulars	For the year ended	
	31 March 2022	31 March 2021
Depreciation: Right-of-use assets	1,887.82	2,248.76
Finance cost: Interest on lease liabilities	507.98	315.48
Short term and variable lease payments (Refer note below)	57.73	72.82

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

Amount recognised in Statement of Cash flow

Particulars	For the year ended	
	31 March 2022	31 March 2021
Cash outflows for leases		
Interest portion of lease liabilities	507.98	315.48
Principal portion of lease liabilities	1,641.78	2,314.74



Sai Life Sciences Limited

Notes to the Standalone financial statements for the year ended 31 March 2022 (continued)

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

46 Ratios

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021

Particulars	Numerator	Denominator	31-Mar-22	31-Mar-21	Variance	Remarks
Current Ratio	Current Assets	Current Liabilities	1.33	1.32	0.8%	
Debt-Equity Ratio	Total Debt ⁽¹⁾	Shareholder's Equity	0.59	0.51	15.7%	
Debt Service Coverage Ratio	Earnings available for debt service ⁽²⁾	Debt service ⁽³⁾	1.62	3.23	-49.8%	Decrease in primarily on account of decrease in profits
Return on Equity (ROE)	Net profit after taxes	Average Shareholder's Equity	2%	8%	-75.0%	Decrease in primarily on account of decrease in profits
Inventory Turnover Ratio	Cost of goods sold ⁽⁷⁾	Average Inventory	2.49	3.72	-33.1%	Decrease was primarily on account of decrease in inventory
Trade Receivables Turnover Ratio	Revenue from Operations	Average Receivables	3.83	3.18	20.4%	
Trade Payables Turnover Ratio	Cost of goods sold ⁽⁷⁾ +Other expense	Average Trade Payable	2.71	2.75	-1.5%	
Net Capital Turnover Ratio	Revenue from Operations	Working capital ⁽⁴⁾	3.56	3.87	-8.0%	
Net Profit Ratio	Net Profit	Revenue from Operations	2%	9%	-77.8%	Decrease in primarily on account of decrease in profits
Return on Capital Employed (ROCE)	Earnings Before Interest and Taxes (EBIT)	Capital Employed ⁽⁵⁾	5%	10%	-50.0%	Decrease in primarily on account of decrease in profits
Return on Investment ⁽⁶⁾	Income generated from investments	Investments		Not Applicable		

(1) Long-Term borrowings + Short-Term borrowings - Cash and cash equivalents -Other bank balances (note 15 (ii)) and Deposits classified under Other financial assets (note 10)

(2) Net profit before tax + Depreciation + Finance cost

(3) Finance cost (excluding interest on lease liabilities) + Current maturities of long-term loans

(4) Current assets - current liabilities

(5) Total Assets - current liabilities

(6) The Company is not having any market linked investments

(7) Cost of materials consumed +Changes in inventories of work-in-progress



Sai Life Sciences Limited

Notes to the Standalone financial statements for the year ended 31 March 2022 (continued)

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

- 47 During the financial year, the company's business operations were impacted by the global health pandemic from COVID-19 (COVID-19) and the lockdown restrictions. COVID-19 is the infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. Our operations in India come under the jurisdictions of three States Telangana, Karnataka and Maharashtra. The revenue generation for the first quarter was constrained on account of the lockdown regulations. Further the Company has consolidated its operations from the rental facilities in Pune, Maharashtra to its location in Hyderabad, Telangana and had completed the expansion plans (including ramping up headcount) to accommodate the consolidation during previous year. As part of the overall strategy, Company adopted measures to protect and safeguard the health of employees. The cost of operations during the year increased on account of additional costs due to the restrictions imposed by the regulators, compensations to the families for the deceased employees due to Covid, vaccination to all employees & family members and in mitigating and safeguarding the health risks of the employees.

The Company has evaluated impact of COVID-19 pandemic in assessing the recoverability of non-current assets, inventories, trade receivables and contract assets based on its review of current indicators of future economic conditions. Based on such assessment, the Company expects to recover carrying values of such assets. The Company will continue to closely monitor any material changes to future economic conditions.

48 Approval of financial statements


The financial statements were approved by the Board of Directors on 17 August 2022.

For and on behalf of the Board of Directors of

Sai Life Sciences Limited

CIN No: U24110TG1999PLC030970


K. Ranga Raju
Chairman
DIN No: 00043186


Sivaramakrishnan Chittor
Chief Financial Officer




Krishnam Raju
Managing Director
DIN No: 00064614


Runa Karan
Company Secretary
Membership No.: A13721

Place: Hyderabad
Date: 17 August 2022



1. Corporate information

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

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

2. Basis of preparation

Statement of compliance

The standalone financial statements of the Company which comprise of the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of cash flows and the statement of changes in equity ("standalone financial statements") have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules 2015, as amended, issued by the Ministry of Corporate Affairs ('MCA') and other relevant provisions of the Act, as applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date 31 March 2022. These standalone financial statements were authorised for issuance by the Company's Board of Directors on 17th August 2022.

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

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

Functional and presentation currency

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

3. Use of estimates and judgements

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

Critical judgements in applying accounting policies

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



Sai Life Sciences Limited**Notes to the standalone financial statements for the year ended 31 March 2022 (continued)****Revenue recognition**

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

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

Assumptions and estimation uncertainties

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

Items requiring significant estimate	Assumption and estimation uncertainty
Useful lives of property, plant and equipment and Intangible assets	The Company reviews the estimated useful lives of property, plant and equipment and the intangible assets at the end of each reporting period. During the current year, there has been no change in life considered for the assets.
Estimation of net realisable value of inventories	Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories the Company makes an estimate of future selling prices and costs necessary to make the sale.
Fair valuation measurement and valuation process	Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.
Contract assets	Contract asset is recognised when the performance obligations are fulfilled and revenue is recognised over a period of time. Estimates are involved in determining the percentage of completion of the contract.
Leases	Contracts are reviewed to evaluate whether the arrangement contains a lease
Employee benefits	The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.
Provisions, contingencies and Recognition	The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's



Items requiring significant estimate	Assumption and estimation uncertainty
measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources	assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the tax liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is disclosed in the notes to the standalone financial statements.
Provision for taxes	<p>Significant judgments are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.</p> <p>In assessing the realisability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.</p>

4. Summary of significant accounting policies

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

a. Current and non-current classification

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

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

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

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

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

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

b. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions or at the rate that closely approximates the rate at the date of transactions. The date of transaction for the purpose of determining the exchange rate on initial recognition of the related asset, expense or income (part of it) is the date on which the entity initially recognises the nonmonetary asset or non-monetary liability arising from payment or receipt of advance consideration. Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated into



the functional currency at the exchange rate at that date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

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

c. Revenue recognition

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

Contract research and manufacturing activities:

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

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

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

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

'Bill and hold' sales, in which delivery is delayed at the buyer's request but the buyer takes title and accepts billing, revenue is recognised when the buyer takes title, provided:

- (a) it is probable that delivery will be made;
- (b) the item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised;
- (c) the buyer specifically acknowledges the deferred delivery instructions; and
- (d) the usual payment terms apply.

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

Interest income

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



Dividend income

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

Export incentives

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

d. Property, plant and equipment (PPE)*Recognition and measurement*

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

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

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

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

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

Depreciation

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

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

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

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

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

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

e. Intangible assets

Internally generated

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

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

Others

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

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

f. Impairment

Impairment of tangible and intangible assets

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

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

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

Impairment of financial assets

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

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

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

Impairment of non-financial assets



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

g. Inventories

Inventories are measured at the lower of cost and net realisable value. The method of determining cost of various categories of inventories is as follows:

- (i) Raw materials – Weighted average cost. Cost includes purchase cost and other attributable expenses
- (ii) Stores and spares and packing material – Weighted average cost
- (iii) Finished goods and work-in-process - is based on average cost of production or conversion which comprises direct material costs, direct wages and applicable overheads.

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

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

h. Measurement of fair values

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

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

i. Financial instruments

Recognition and initial measurement

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

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



Classification and subsequent measurement

Financial assets

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

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

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

Amortised cost

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

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

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

FVOCI – debt investment

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

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

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

FVTOCI - Equity investment

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

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



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

FVTPL

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

Financial liabilities

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

De-recognition

Financial assets

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

Financial liabilities

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

Offsetting of financial instruments

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

Derivative financial instruments:

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

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

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



The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are also classified as a current asset or liability when expected to be realised/settled within 12 months of the balance sheet date.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

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

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

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

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

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

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



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

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

(ii) Derivatives that are not designated as hedges

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other gains/(losses).

Dividend distribution to equity holders of the Company

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

j. Leases

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

Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any



initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Company as a lessor

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

k. Business combination

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

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

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

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

l. Cash and cash equivalents

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

m. Government Grants

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

n. Investments in the nature of equity in subsidiaries

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



o. Borrowing costs

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

p. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

Short-term employee benefits

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

Long-term employee benefits

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

Gratuity

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

Compensated absences

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



Share based compensation

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

q. Provisions, contingent liabilities and contingent assets

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

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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

r. Income taxes

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

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

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

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



Sai Life Sciences Limited

Notes to the standalone financial statements for the year ended 31 March 2022 (continued)

s. Earnings per share

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

