



Independent Auditor's Report on Audited consolidated Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Independent Auditor's Report

To the Board of Directors of Bal Pharma Limited

Report on the audit of the Consolidated Financial Results

Opinion

We have audited the accompanying consolidated annual financial results of Bal Pharma Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), for the quarter and the year ended March 31, 2020, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial results of the subsidiaries, these consolidated financial results:

i. includes the results of the following entities:

Lifezen Health care Private limited	Subsidiary
Balance Clinics LLP	Subsidiary
Bal Research Foundation	Subsidiary
Golden drugs Private limited	Subsidiary

ii. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and



- iii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 (the "Act") and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information of the Group for the year ended March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 (the Act) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 6 to the financial results which explains COVID-19 and that it has caused significant disruptions in the business operations of companies across India and has caused significant accounting and auditing challenges. One such challenge being inability for the Company to conduct a physical verification of inventories for the year-end 31st March, 2020 due to Government having imposed restrictions during the lockdown on account of health, travel and safety concerns.

Inventories, being material to the financial statements/results of the Company, the Standard on Auditing (SA) 501, Audit Evidence - Specific Considerations for Selected items, cast a duty on us to obtain sufficient appropriate audit evidence regarding the existence and condition of inventories. Accordingly, we have performed alternative audit procedures in this regard to obtain sufficient appropriate audit evidence regarding the existence and condition of inventories.

Our opinion is not modified with regard to above matters.

Management's Responsibilities for the Consolidated Financial Results

These financial results, which is the responsibility of the Holding Company's Management and approved by Board of Directors, has been compiled from the related audited consolidated financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing



and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial results, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and jointly controlled entity are responsible for overseeing the financial reporting process of the Group and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

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

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

- Identify and assess the risks of material misstatement of the consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to



continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results 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 consolidated financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group to express an opinion on the consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results of which we are the independent auditors 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.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matter

The consolidated Financial Results include the audited Financial Results of three subsidiaries, whose Financial Statements/Financial Results/ financial information reflect total assets (before consolidation adjustments) of ₹ 1598.47 lakhs as at 31 March 2020, total revenue (before consolidation adjustments) of ₹ 138.60 lakhs for year ended, total net (loss) after tax (before consolidation adjustments) of ₹ (150.77) lakhs year ended 31 March, 2020 and net cash flow outflows (before consolidation adjustments) of ₹ 2.08 lakhs for the year ended on that date as considered in the consolidated Financial Results, which have been audited by their respective independent auditors. The independent auditors' reports on Financial Results and financial information of these entities have been furnished to us and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.



Our report on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

The consolidated financial results includes the unaudited financial statements of one subsidiary, whose financial statements reflect total assets (before consolidation adjustments) of ₹ 1911.86 lakhs as at March 31, 2020 and total revenues (before consolidation adjustments) of Rs. 99.15 lakhs for the year ended March 31, 2020, total net profit after tax (before consolidation adjustments) of Rs. (132.14) lakhs for the year ended March 31, 2020 and net cash flows (net) of ₹ 3.64 lakhs for the year ended March 31, 2020, as considered in the Statement. These financial statements are unaudited and have been furnished to us by the Management and our opinion and conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial statements are not material to the Group.

We further state that the Holding Company is a partner in a joint venture floated outside India. We were informed by the management that no operations have been commenced and hence no books of accounts have been maintained. The Joint venture has therefore not been considered for the purpose of consolidation. (Refer note 3 to Consolidated Financial Results)

Our opinion on the consolidated Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Results/financial information certified by the Board of Directors.

The Statement includes the consolidated financial results for the quarter ended 31 March 2020, being the balancing figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date consolidated figures up to the third quarter of the current financial year, which were subject to limited review by us

for NSVM & Associates

Chartered Accountants

Firm Registration Number: 010072S



G.C.S Mani

Partner

Membership Number: 036508



Place: Bengaluru

Date: 29th July, 2020

UDIN: 20036508AAAACZ4157



BAL PHARMA LIMITED
CIN: L85110KA1987FC000368

Regd. Office: 21-22 Bommasandra Industrial Area, Anekal Taluq, Bangalore 560 099

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31.03.2020

(₹ in Lakhs except EPS)

Sl.No	Particulars	Consolidated				
		Quarter Ended		Year ended		
		31 March 2020 Audited	31 December 2019 Unaudited	31 March 2019 Audited	31 March 2020 Audited	31 March 2019 Audited
I	Income					
I	Revenue from operations	3,377.23	4,317.23	5,507.30	17,109.43	22,591.05
II	Other income	117.37	41.12	-55.05	184.01	100.92
III	Total Income - (I+II)	3,494.61	4,358.35	5,452.25	17,293.44	22,691.97
IV	Expenses					
	Cost of materials consumed	856.82	2,019.53	3,026.52	7,219.53	11,362.87
	Purchase of Stocks-in-trade	155.49	248.73	109.52	821.34	795.45
	(Increase)/decrease in inventories of finished goods and work-in-progress					
		454.59	(12.72)	(605.74)	338.34	(430.53)
	Employees benefits expenses	1,121.10	1,233.61	1,223.51	5,942.90	5,027.93
	Finance costs	302.30	280.64	365.73	1,245.25	1,256.28
	Depreciation and amortization expense	358.81	141.81	237.57	767.76	615.50
	Other expenses	725.39	757.86	1,139.85	3,211.24	3,994.72
	Total Expense - (IV)	3,975.09	4,669.46	5,497.89	18,646.37	22,622.22
V	Profit before Exceptional Item and Tax (III-IV)	(480.48)	(311.11)	(75.64)	(1,352.93)	(20.25)
VI	Exceptional items	-	-	-	-	-
VII	Profit/(Loss) before Tax (V-VI)	(480.48)	(311.11)	(75.64)	(1,352.93)	(20.25)
VIII	Less: Tax Expense	(6.79)	59.56	(185.49)	(63.76)	(235.54)
IX	Net Profit for the period	(473.61)	(370.67)	109.65	(1,289.17)	215.29
X	Other Comprehensive Income(OCI)					
	- Items that may not be reclassified to Profit or loss	(39.71)	-	(29.46)	(39.71)	(50.63)
	- Income tax relating to items that will not be reclassified to profit or loss	10.69	-	8.24	10.69	8.24
	Total Other Comprehensive income, net of Income Tax	(29.02)	-	(21.22)	(29.02)	(42.45)
XI	Total Comprehensive income for the period (IX+X)	(502.63)	(370.67)	88.43	(1,318.19)	172.85
XII	Paid up Equity Share Capital (Face value ₹ 10 per share)	1,417.24	1,417.24	1,417.24	1,417.24	1,417.24
XIII	Other Equity	-	-	-	3,825.36	5,247.06
XIV	Earnings per share (Face Value of ₹ 10 each)					
	Basic - in ₹	(3.34)	(2.62)	0.77	(9.10)	1.52
	Diluted - in ₹	(3.34)	(2.62)	0.77	(9.10)	1.52

Notes

- The above audited consolidated financial results of the Company have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 29 July, 2020.
- The consolidated financial results has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (IND AS), prescribed under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies to the extent applicable. The audited consolidated financial results relate to Balpharma Limited, its subsidiaries (together constitute the group), Joint venture and Associates and are prepared by applying IND AS 110 - "Consolidate Financial Statements", and IND AS 28 - "Investment in Associates & Joint ventures".
- The Holding Company has entered into a Joint Venture agreement with Akal Pharma Pty Limited, Australia. The commercial operations of the said Joint Venture has not commenced and therefore the same is not included in consolidated results.
- Effective April 01, 2019, the Group has adopted Ind AS 116 "Leases", and applied to all lease contracts existing on April 01, 2019 using the modified retrospective method. Accordingly, the comparative for the year ended 31 March 2019 have not been retrospectively adjusted. The Company has recognised a lease liability measured at the present value of the remaining lease payments and right-of-use (ROU) asset at an amount equal to lease liability. The impact on the profit and earnings per share is ₹ 18.02 lakhs and ₹ 0.13 per share. The Right-of-use assets for year ended 31 March 2020 has been presented under property plant and equipment.
- The Group has not received any intimation or information with regards to its vendors registration as a Micro, Small and medium enterprises. Accordingly, the entire dues to vendors has been classified as payable to other than MSME.
- The Group has considered the possible effects that may result from pandemic relating to COVID-19. The Group's manufacturing operations remained affected during the initial phase of lockdown. Subsequently, with a view to ensure minimal disruption, the Holding Company has taken certain measures to ensure business continuity. The Holding Company and its subsidiaries continues to monitor the impact of Covid-19 on its business and various aspects. Due care has been exercised, in concluding on significant accounting judgements and estimates, including in relation to recoverability of receivables, assessment of impairment of intangibles, investments and inventory, while preparing the Company's financial results as of and for the year ended March 31, 2020. The management of Holding Company and its subsidiaries expects no impairment to the carrying amounts of these assets based on the information available to date. The management will continue to closely monitor any changes to future economic conditions and assess its impact on the operations.
- The Group has only one reportable segment namely 'Pharmaceuticals'.
- The figures for the quarter ended March 31, 2020 and March 31, 2019 are the balancing figure between the audited figures in respect of the full financial year and the unaudited published year to date figures up to the third quarter of the relevant financial year which were subject to limited review by the Statutory Auditor of the Company.
- Previous period figures have been regrouped/rearranged wherever considered necessary to conform to the period presented.

Place: Bangalore
Date: 29th July, 2020



For Bal Pharma Limited
Shantesh D Siroya
Managing Director

BAL PHARMA LIMITED
CIN: L85110KA1987PLC008368
21-22, Bommasandra, Industrial Area, Bengaluru - 562158, Karnataka
Consolidated Balance Sheet as on 31st March, 2020

Particulars	As at 31 March 2020	As at 31 March 2019
ASSETS		
Non-current assets		
Property, Plant and Equipment	5,773.42	6,084.61
Capital work-in-progress	603.52	363.17
Goodwill	382.86	382.86
Intangible Assets	642.82	571.19
Financial assets	-	-
- Investments	-	1.50
- Loans	29.18	72.44
- Other financial assets	156.10	253.86
Deferred tax assets (Net)	-	-
Other non-current assets	137.84	96.69
	<u>7,725.74</u>	<u>7,826.32</u>
Current assets		
Inventories	6,771.13	6,975.11
Financial assets		
- Trade receivable	4,960.21	6,469.59
- Loans	220.79	215.99
- Cash and cash equivalents	85.87	243.61
- Other bank balances	227.31	188.75
- Other financial assets	182.00	113.70
Current tax assets (Net)	10.79	-
Other current assets	3,655.53	4,097.78
	<u>16,113.63</u>	<u>18,304.53</u>
	<u>23,839.38</u>	<u>26,130.85</u>
EQUITY & LIABILITIES		
Equity		
Equity share capital	1,417.24	1,417.24
Other equity	3,825.36	5,247.06
Non Controlling interest	(708.84)	(642.18)
	<u>4,533.76</u>	<u>6,022.12</u>
LIABILITIES		
Non-current liabilities		
Financial liabilities		
- Borrowings	2,314.66	2,875.59
- Other financial liabilities	321.42	220.09
Provisions	361.98	271.27
Deferred tax liabilities (Net)	358.40	417.98
Other non-current liabilities	-	-
	<u>3,356.46</u>	<u>3,784.95</u>
Current liabilities		
Financial liabilities		
- Borrowings	8,962.63	8,707.84
- Trade payables	3,867.39	4,733.79
- Other financial liabilities	1,495.05	1,339.82
Other current liabilities	1,574.21	1,445.91
Provisions	49.88	50.54
Current tax liabilities (Net)	-	45.89
	<u>15,949.16</u>	<u>16,323.78</u>
	<u>23,839.38</u>	<u>26,130.85</u>

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BAL PHARMA LIMITED

CIN: L85110KA1987PLC008368

21-22, Bommasandra, Industrial Area, Bengaluru - 562158, Karnataka

Consolidated Cash Flow Statements for the Year ended 31st March, 2020

₹ in lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from operating activities:		
Profit before tax	(1,352.93)	(20.25)
Add/(Less): Non cash adjustments to reconcile profit before tax to net cash flows		
- Interest income	(38.70)	(55.34)
- (Gain)/ Loss on sale of Fixed assets	(5.25)	(0.44)
- Balances written off as no more payable	(46.62)	(4.37)
- Unrealised Foreign (Gain)/Loss	(10.39)	(87.48)
- Finance cost	1,245.25	1,256.28
- Interest on income tax	4.79	-
- Rental Expense (IND AS 116)	(86.13)	-
- Balances written off as no more receivable	31.95	-
- Expected Credit Losses	22.38	16.40
- Depreciation and Amortization	767.76	615.50
- Impairment on Investments	2.50	-
Operating cash flow before working capital changes	534.62	1,720.31
Add/(Less): Working Capital changes		
- Decrease/(Increase) in Inventories	203.98	(325.76)
- Decrease/(Increase) in Trade receivables	1,345.75	6.30
- Decrease/(Increase) in Loans (Current and Non-Current)	38.46	42.36
- Decrease/(Increase) in Other Assets (Current and Non current)	419.00	442.77
- Increase/(Decrease) in Trade payables	(875.22)	(261.98)
- Increase/(Decrease) in Financial Liabilities	455.88	(207.21)
- Increase/(Decrease) in Other liabilities	116.13	(414.68)
- Increase/(Decrease) in Provisions	90.04	11.24
Cash (used in)/ generated from operations	2,328.64	1,013.33
Income taxes (paid)/ refund	(17.21)	(237.58)
Net cash generated (used in) operating activities (A)	2,311.43	775.75
Cash flow from investing activities:		
Purchase of fixed assets including intangible assets and capital work-in-progress	(506.33)	(859.41)
Proceeds from sale of fixed assets	0.53	1.84
Interest received	33.96	53.22
Net cash (used in) investing activities	(471.84)	(804.35)
Cash flow from financing activities:		
Proceeds from (repayment) of long term borrowings	(879.67)	(493.78)
Proceeds from (repayment) of short term borrowings	254.79	1,877.09
Dividend Paid including dividend distribution tax	(141.72)	(147.21)
Finance Cost	(1,230.72)	(1,234.75)
Net cash generated from/ (Used in) financing activities	(1,997.33)	1.36
Net (decrease)/ increase in cash and cash equivalents	(157.73)	(27.25)
Cash and cash equivalents at the beginning of the year	243.60	270.85
Cash and cash equivalents at the end of the year	85.87	243.60
Cash and cash equivalents comprise of:		
Cash and cash equivalents		
- Cash on hand	27.66	15.55
- Bank Balances - Current Accounts	31.98	189.29
- Fixed Deposits (original maturity of less than 3 months)	26.22	38.77
	85.87	243.61