

Fermenta Biotech Limited (formerly known as DIL Limited)

CIN: L99999MH1951PLC008485

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Ref: F.No.:49

September 25, 2020

**Corporate Relations
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001**

Dear Sirs,

Sub.: Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') – Submission of Notice of the 68th Annual General Meeting ('AGM') and Annual Report for the financial year 2019-20

Ref: Scrip Code: 506414

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we herewith enclose the electronic copy of the Annual Report of the Company for the financial year 2019-20 (along with the Notice of 68th AGM of the Company which is scheduled to be held on Saturday, October 17, 2020 at 2:00 p.m. IST) which is being sent to all the members whose email IDs were registered with the Company / Depository Participant(s). The requirement of sending physical copies of the above to the members have been dispensed with in accordance with relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

The Annual Report of the Company for the financial year 2019-20 along with the Notice of 68th AGM is also being uploaded on the website of the Company at <https://fermentabiotech.com/annual-report.php>

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Fermenta Biotech Limited (Formerly known as DIL Limited)

**Srikant Sharma
Company Secretary & Vice President (Legal)
Membership No. FCS3617**

Encl.: as above

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Fermenta Biotech Limited

Dream. Develop. Deliver.

Fermenta Biotech Limited
68th Annual Report, 2019-20

Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in making our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Fermenta's sustainable competitive advantage

At Fermenta, our principal product, Vitamin D, is known for its role in immunity and wellbeing at a time when there is a renewed importance for healthy living.

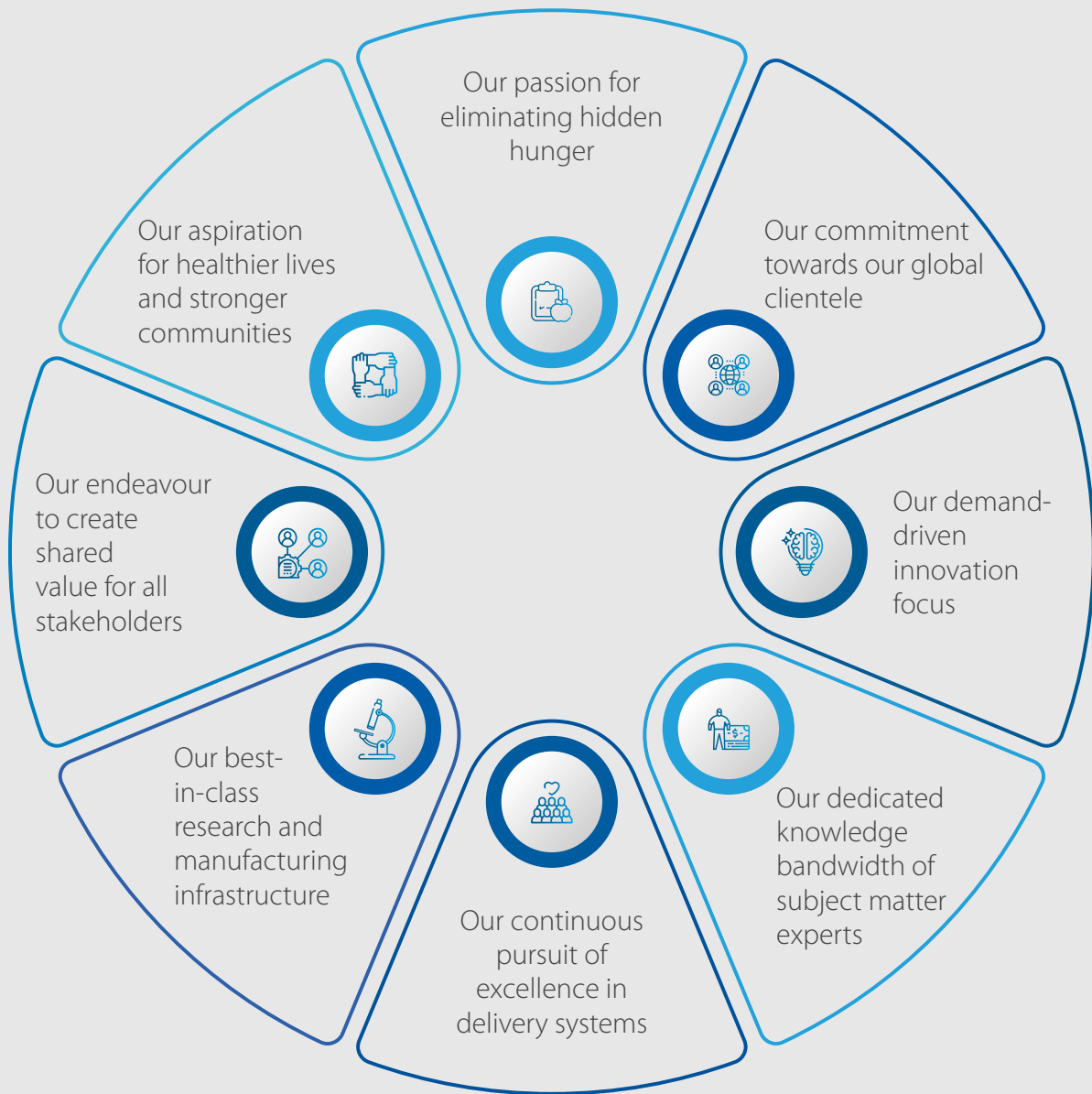
Fermenta is one of a handful of Vitamin D manufacturers in the world, possessing a proprietary complex technology validated through the decades and supplied to customers across the globe.

The combination of these realities is expected to enhance value for our stakeholders and help us create stronger communities.



The number of people the world who are deficient in Vitamin D. Making the business of Fermenta relevant and necessary.

What drives Fermenta's business sustainability



Fermenta's business model is about one word. Nutrition.



There is a greater focus on building immunity through nutrition—now more than ever



Dietary supplements play an important role in health maintenance



A preventive approach to health is being preferred over a reactive one



Fortified foods are being increasingly recommended to address specific health challenges



Fermenta Biotech Limited.

One of the most exciting companies in the nutritional ingredients business.

Possessing a rich and inspiring legacy spanning six decades.

Protected by a complex proprietary technology.

Enjoying a widening presence across the world.

Addressing a long-standing consumer need and demand.

The values navigating our existence

Vision

To create a system and nurture it to reach a state of functioning, enabling it to acquire a state of timeless stability and growth.

Mission

To produce high quality niche products, used in every line of pharmaceutical, food and fine chemical manufacture, through innovative and concentrated research efforts, thus becoming the most preferred eco-friendly solutions provider in bio-catalysis and pharmaceuticals

Core values

Discipline

Honesty

Mutual respect

Perseverance

Result orientation

Our track record, helping strengthen our foundation

Established in 1951, Fermenta Biotech Limited, formerly known as DIL Limited, is the only manufacturer of Vitamin D3 in India and counted among the leading players in the world. The Company is a well-respected player in the areas of pharmaceuticals, dietary and nutritional supplements, biotechnology and environmental solutions.

Our state-of-the-art facilities offer comprehensive quality assurance

The Company possesses two state-of-the-art manufacturing facilities across India, one at Kullu (Himachal Pradesh) and the other at Dahej (Gujarat). The Company has invested in a state-of-the-art R&D facility in Thane. A manufacturing facility at Sayakha is likely to commence operations in the foreseeable future.

Our product applications have strengthened our recall

The Company is the leading manufacturer and global supplier of Vitamin D3. The Company also produces a range of variants – crystalline, oil, resin in oil, cold water dispersible (CWD), and feed grade powder- that can be used in applications like injectables, soft gel capsules, premixes, food, beverage fortification and animal nutrition. Fermenta is a well-known producer of Penicillin G Amidase, CAL B Lipase and other enzymes with applications across the pharmaceutical, fine chemicals and personal care segments.

Our merger has helped reinforce our business foundation

During the year under review, the Company merged with its parent Company DIL Limited, strengthening its foundation to enhance shareholder value through multi-year access to larger financial resources.

Our focused subsidiary has widened our presence

The Company strengthened its business through the establishment of a wholly owned subsidiary in Germany, widening and deepening its presence in Europe.

Our financial robustness has helped strengthen our credit rating

The Company maintained its long-term credit rating at A- by CARE Ratings Ltd., following its merger, validating its business health.

Listing

The Company's shares are listed on the BSE Limited. The market capitalisation of the Company stood at ₹626.14 Crores as on March 31, 2020.



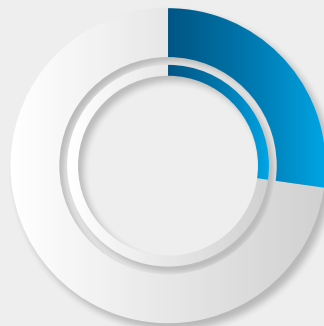
Manufacturing facilities

Location	Products
Kullu, Himachal Pradesh	Vitamin D3, specialty APIs and enzymes
Dahej, Gujarat	Vitamin D3

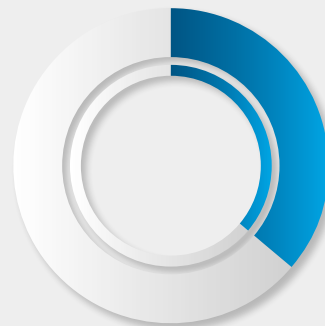
Employees

FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
369	394	421	524








Revenue by geography, FY 2018-19



Revenue by geography, FY 2019-20



Fermenta's knowledge capital, March 31, 2020)

-  20 Pharmacists
-  1 PHDs
-  21 Scientists
-  39 MBAs and CAs
-  77 Post-graduates
-  143 Graduates
-  223 Under-graduates

Awards and recognition

Business Excellence Awards 2019

Fermenta received the award for Export Driven Pharma Company at the Business Excellence Awards 2019. The prestigious event was hosted by CIMS Medica at the 8th Edition of the India Pharma Expo (IPE) in New Delhi.

Best Business Brand Awards 2020

Fermenta was declared as one of the winners of the Best Business Brand category in the Business Leader of the Year awards presented by ET Now. The ceremony was a part of the World HRD Congress.

Chief Strategy Officer Summit & Awards 2020

Fermenta won two awards at the Chief Strategy Officer Summit & Awards 2020 organised by Morpheus Enterprises. Fermenta won the award for Turnaround Strategy 2020 and CEO

Mr Prashant Nagre, was honoured with the accolade of Strategy Leader of the Year.

Hindustan Times Thane Ratna Award 2020

Fermenta was felicitated with the Hindustan Times Thane Ratna Award for the second year in a row. These accolades honour corporates and individuals from the city who have made a significant impact in their respective fields. Fermenta also received the award for Nutrition Focused Company, a recognition of its efforts to increase its presence in the nutritional ingredients segment.

Great Place to Work®

Fermenta's certification as a Great Place to Work® for the second consecutive year is a validation of its inclusiveness, engagement and trust. Great Place

to Work® Institute's methodology is recognised as rigorous and objective and considered as the gold standard in defining great workplaces across business, academia and government organisations. This certification is one of the most prestigious for organisations across the world.



Media features

Forbes India

Fermenta was included in the Forbes India Hidden Gems 2019 list as one of just nine Indian companies on the verge of a growth momentum.

Economic Times

CEO Mr Prashant Nagre's views on Managing in a VUCA World featured in a two-page supplement of Economic

Times. This supplement, titled Driving Change, focused on leaders who are a part of the India Leadership Council.

ET Now

An interview with CEO Mr Prashant Nagre was telecast on ET Now in its morning prime time show featuring Fermenta as a 'Small cap star'.

Interview with Global Business Reports

An interview with CEO Mr Prashant Nagre featured in the Global Business Reports Connect Series in a special report on the Indian Pharmaceutical Industry, in association with the Indian Pharmaceutical Association and IDMA, launched at CPhI Worldwide 2019.

Our inspiring journey over the years

1951

Established International Franchises Pvt. Ltd.



1963

Established a joint venture with Philips Duphar and Crookes Laboratory, UK



1967

Commenced commercial manufacture of Vitamin D



1980

Philips Duphar taken over by Solvay



2019

Set up a wholly-owned subsidiary Fermenta Biotech GmbH in Germany



2019

Completed merger of DIL and FBL; renamed the combined entity Fermenta Biotech Limited



2019

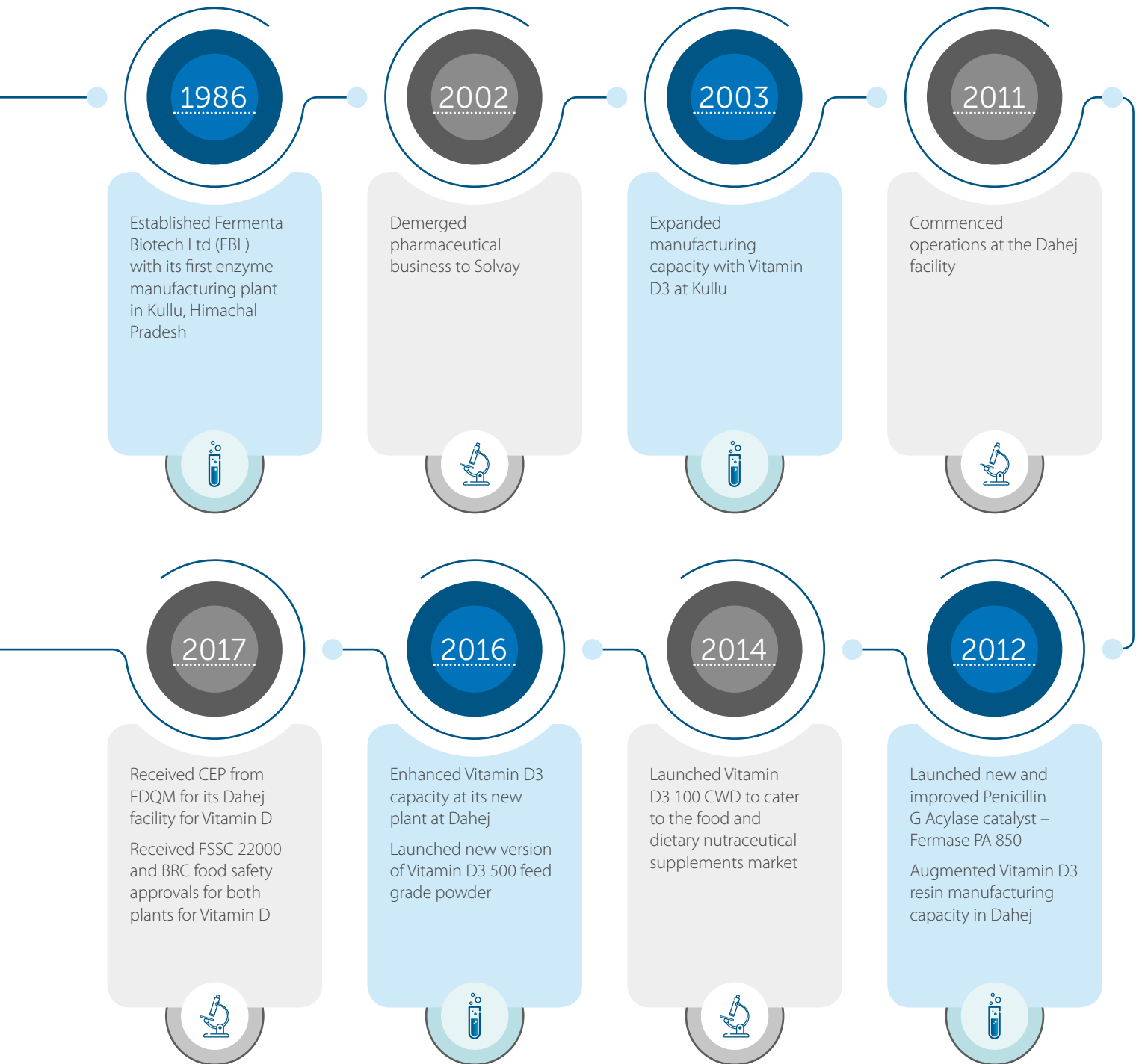
Leased land at Sayakha for the proposed expansion and new projects



2018

Received the Board's approval for the amalgamation of Fermenta with its holding company DIL Limited





Our experienced Board of Directors



Mr. Sanjay Buch

Chairman (Non-Executive
and Independent Director)

He has been involved in a wide spectrum of legal work for more than two decades. He specialises in Business Restructuring as well as Mergers and Acquisitions and advises several large domestic and international corporations.



Ms. Rajeshwari Datla

Non-Executive Director

She joined the Company in 2005, bringing with her rich experience of working in the pharmaceutical industry. She is also a member of the Company's Audit Committee.



Dr. Gopakumar Nair

Non-Executive
Independent Director

He is an Intellectual Property Rights consultant and practicing Patent Attorney. He is also a practicing lawyer specialising in Mediation and Arbitration as well as in licensing and technology transfer. Dr Nair has been associated with pharmaceutical industry for more than four decades as Director, Managing Director & Chairman of various public limited pharmaceutical companies and served industry associations in various capacities.



Mr. Vinayak Hajare

Non-Executive
Independent Director

He has over three decades of work experience in areas such as Investment Banking, Corporate Finance and Globalisation of businesses. He not only served as an Associate Director at Ernst and Young but also held several senior positions in companies like Credit Agricole Corporate and Investment Bank and Lazard India. He is also the Founder & Director of InterGest South Asia Private Limited. Additionally, he is the Economic Representative of Saarland (a German State) in India.



Ms. Rajashri Ojha

Non-Executive
Independent Director

Has over three decades of experience in the pharmaceutical, medical devices and nutraceutical industries with an exposure in the R&D analytical development, formulations development, regulatory & QA compliance, global registrations and marketing approvals. She is a Lead Auditor for ISO 13485:2016 and ISO 9001:2015. A founder and Director of Raaj Gprac Private Ltd. Working as Lead Auditor, Global RA and GMP consultant and trainer. She was associated with leading pharma and medical device companies in training industry professionals. She authored articles and research papers in reputed national and international journals. She was awarded Healthcare Leadership Awards and Women Leadership Awards. She was a guest speaker at KLE University, NIPER, NMIMS, BCP, MET, JSS, HKCP, BNCP and a member of DIA, IPA, TOPRA, RAPs, IDMA, QCI, NSDC, IBSC, AMTZ and AIMED etc.



Mr. Krishna Datla

Managing Director

He has played a key role in the decision making process and also oversees new businesses of the Company. Mr. Krishna Datla is also the Promoter Director of Fermenta Biotech Limited (Formerly known as DIL Limited). Credited with the integration of businesses across the various group companies, he has infused a strong sense of global vision thereby opening the opportunities across International markets.



Mr. Satish Varma

Executive Director

He joined FBL group (formerly known as DIL group) as the Executive Assistant to the then Managing Director in 1995 and rose to the position of Executive Director in 2003. In this role he garnered extensive operational, management and legal experience across the full scope of the Company. Highly enterprising and analytical, he has led the charge on various important projects.



Ms. Anupama Datla Desai

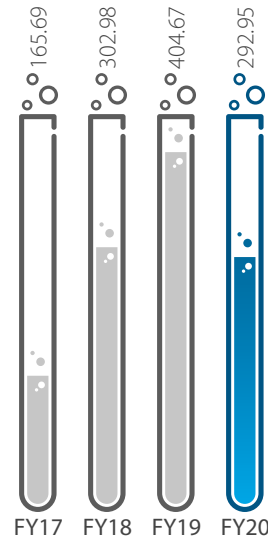
Executive Director

She has been appointed as an additional director in the Company and thereafter as an Executive Director for a period of three years with effect from September 27, 2019. She has an experience over 13 years in various areas of business activities and in addition to her R&D responsibilities; she is also responsible for quality control and implementation of safety policies and procedures, implementation of new technology platforms, business development, customer interaction and marketing. Ms. Anupama worked for erstwhile Fermenta Biotech Limited since 2006 and under her guidance erstwhile Fermenta Biotech Limited had evolved from a simple bulk drug manufacturer, into a discovery and development based, specialised and diverse biotechnology Company engaged in novel discovery, formulation and process development platforms.

This is how our consolidated numbers have grown in the last few years

Operating Revenues

(₹ / Crores)



Definition

Revenue from operations.

Why we measure

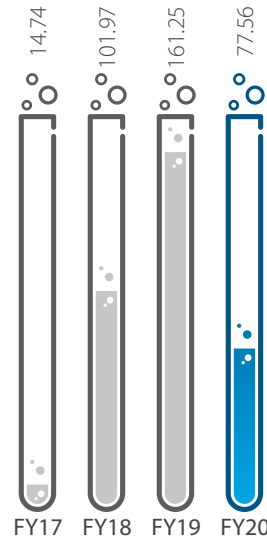
This measure reflects the result of our capacity to understand market trends and service customers with corresponding products, superior technologies and competent supply chain management.

Performance

Our consolidated revenues decreased by 27.61% to ₹292.95 Crores in FY 2019-20 compared to the previous year, due to weaker Animal Feed realisations.

EBDITA

(₹ / Crores)



Definition

What the Company earned before the deduction of interest, depreciation, extraordinary items and tax.

Why we measure

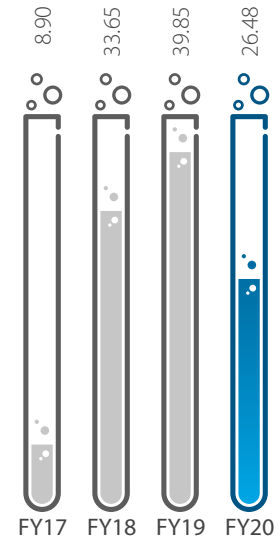
This measure is an index of the Company's operating profitability (as distinct from financial), which can be compared with the retrospective average and with the corresponding number of sectoral peers.

Performance

The Company's EBDITA grew every single year through the last two years ending FY 2018-19. However, the Company reported a 51.90% decrease in its EBDITA in FY 2019-20 due to lower operating revenues majorly on account of a decline in animal feed realisations.

EBDITA margin

(%)



Definition

The movement in percentage points in operating profit before interest, depreciation, exceptional items and tax when divided by the Company's operating revenues.

Why we measure

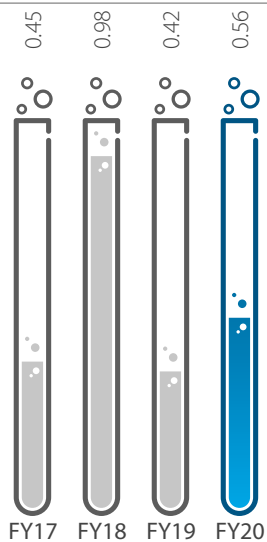
The EBITDA margin is considered to be a good indicator of a Company's financial health because it evaluates a Company's performance without needing to take into account financial decisions, accounting decisions or tax environments.

Performance

The Company reported a 1337 bps decrease in operating margin in FY 2019-20 following lower animal feed realisations.

Debt-Equity ratio

(Ratio)



Definition

This is derived through the ratio of debt to total equity.

Why we measure

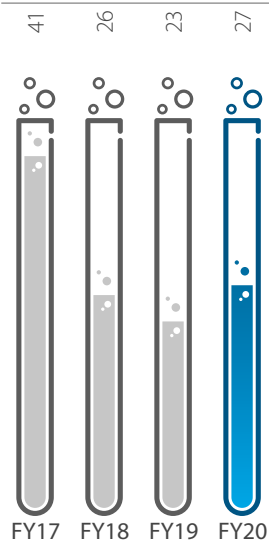
This is one of the defining measures of a Company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the Company to sustain growth in profits, margins and shareholder value.

Performance

The Company's gearing remained well within acceptable limits in FY 2019-20. The Company was able to service the debt required for its growth.

Raw material costs

(%)



Definition

This is derived through the computation of raw material cost as a percentage of operating revenues.

Why we measure

Raw material costs represent the highest cost component in the business. Any moderation in raw material costs can enhance profitability and competitiveness.

Performance

The Company's raw material cost declined as a percentage of revenues from a peak of 41% in FY 2016-17 to 27% in FY 2019-20 through effective raw material cost management.

Interest cover

(x)



Definition

This is derived through the division of EBITDA by interest outflow.

Why we measure

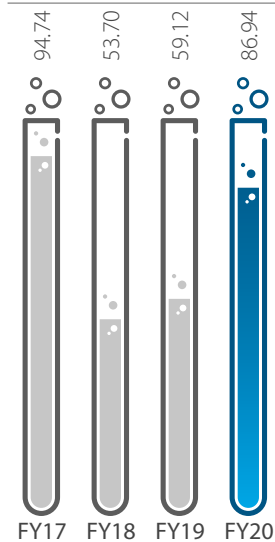
Interest cover indicates the Company's comfort in servicing interest, the higher the cover the better.

Performance

The Company retained a manageable interest cover at 4.05 times in FY 2019-20.

Sundry debtors

(days)



Definition

This is derived through the division of the quantum of debtors by turnover, multiplied by 365.

Why we measure

Sundry debtors (in days) provide a clear perspective on the speed with which revenues are coming into the Company, the shorter the number of days the better.

Performance

The Company's sundry debtors' cycle reported an improvement from FY 2016-17. However, there was a spike at the end of FY 2019-20 due to the COVID-19 disruption.



Governance: The foundation of Fermenta's business

At Fermenta, we believe that an unambiguous governance framework lies at the foundation of our business sustainability.

Over time, our strategic priorities have virtually become our DNA, shaping our response to external developments. These responses have emphasised our stability, respect and recall. They have also influenced what our stakeholders expect of us, the foundation of enduring relationships.

At Fermenta, this framework comprises a number of priorities, a few of which have been explained in this section.



Board of Directors

At Fermenta, governance begins with the Board of Directors. The Company invested in a Board comprising individuals of repute and standing; the members bring diverse competencies to the Board; the Board meetings are well-attended and debated; the Board provides the strategic direction to the management, coupled with periodic reporting accountability.



Culture of excellence

At Fermenta, we believe that an overarching culture of excellence is derived from components of excellence across the organisation. The result of this commitment is that no improvement initiative is considered too small as we believe that every good thing is connected to another, which, in turn, strengthens mindsets and competitiveness.



Governance commitment

At Fermenta, we believe that an organisation managed around a defined set of timeless values becomes enduring. These values need to be lived perpetually so that the commitment to governance represents a discipline that becomes visible to all. In a number of areas, we have extended beyond the regulation-mandated governance requirements of the day.



Singular focus

At Fermenta, we are principally a chemicals Company with a predominant exposure to Vitamin D. A singular product focus deepens excellence, attracts specialists, enriches knowledge, strengthens research and enhances scale. In a world where an increasing number of customers seek to work with fewer vendors, we see a growing importance for focused companies like ours. The management intends to focus on the existing business and expanding into the nutritional portfolio – no deviation or distraction - to generate a superior long-term return over alternative investment options. The management took a call to exit businesses that did not enjoy any synergy with the core business (even as it retained its renting business and the vacant land to generate an attractive annuity income or complete monetisation).



Never over-leverage

At Fermenta, we believe that in a business where only a handful of global companies possess specialised manufacturing technology, there is always the temptation to mobilise large debt, invest in substantial capacity and engage in aggressive pricing to carve out a disproportionately larger market share. This is a temptation that we have avoided as we believe that large debt could influence our strategic thinking away from the values we have cherished – of remaining a focused quality- and knowledge-driven player.



Expand incrementally

At Fermenta, we address a global market that is annually growing in modest single-digits. We believe that steady growth is the safest response for various reasons: consumes expenditure that can be largely addressed through our accruals, does not affect our brand and earnings potential and does not stretch our managerial bandwidth with a premium on specialised professionals. This marathon-like approach (as opposed to a sprint) has paid us rich dividends and we expect to sustain this approach.



Maximise productivity

At Fermenta, we believe that long-term competitiveness is influenced not as much by the physical backbone we may have invested in, as much by the people infrastructure we would have nurtured. As an extension of this conviction, we recruit with care; we orient employees around our DNA, train extensively, empower extensively, appraise periodically and chart out career growth, resulting in superior retention and the ability to do more with less.



Customer adjacency

At Fermenta, we believe that in a business where we are located in one country but need to service customers across more than 50 countries, success is derived from emotional proximity. We seek to work with like-minded knowledge-driven customers who value quality over everything. We engage with these customers continuously through modern communication tools and physical visits. This adjacency – almost as if we represent an extension of the customer's premises – lies at the core of our enduring relationships.



Processes

At Fermenta, we are a process-driven Company that invested in SAP as a technology backbone when it was still a relatively small Company. The Company's business is driven by SOPs, enhancing predictability in functional outcomes, the basis of business sustainability.



Financial hygiene

At Fermenta, we present accounts that can be trusted. We appointed a global auditor, counted among the largest four, to audit our accounts, enhancing the credibility of our financial reporting



HSE

At Fermenta, we believe that the most successful companies are also the safest. The result is that the Company invested in the highest standards of health, safety and environment integrity. This ensures that the Company's operations are safe for employees, community and society.

A dynamic marketplace...

Growing unavailability of raw material

1

Global slowdown; weaker demand

2

Cross-border transportation restrictions; supply chains affected

3

Social distancing affecting productivity

4

Price pressure and volatility in the feed market

5

Capacity consolidation in the food premixing market

6

Nutraceutical market growth; curative to preventive health focus

7

...and how Fermenta is addressing it

Deeper customer focus to prevent stock outs

1

International subsidiary to facilitate superior service

2

Consumer-driven product innovation and customisation

3

Business process re-engineering and digitalisation

4

Building people and process capabilities

5

Increased product availability through enhanced yields and capacities

6

New product development with applications in the growing nutrition segment

7

Backward integration to ensure the supply of key starting material

8

Capacity expansion to address growing consumer demand

9



Mr. Sanjay Buch
Chairman

CHAIRMAN'S STRATEGIC OVERVIEW

How we are building a future-ready Company

It is that time in the existence of humankind when one needs to extend beyond the operational review of a specific financial year and appraise the big picture.

There has possibly been no more relevant time in the recent history of humankind where there has been such an emphasis on the need for enhanced immunity.

The impact of COVID-19 has brought into play the need for improved health and wellbeing. Besides, in a world marked by sedentary lives and poor nutrition, there is a premium on the need for health supplements. This is where 'nutraceuticalisation' comes in. We believe that a larger number of processed food and well-being products will be fortified with nutritional ingredients. A large number of these products will be woven around Vitamin D, which is increasingly necessary because of most people prefer to spend their time indoors with low access to sunlight.

Through the manufacture and research of Vitamin D across the last five decades, Fermenta has been engaged in precisely this space.

Through a long-standing focus, Fermenta is the only manufacturer of Vitamin D3 in India and among the largest in the world. The combination of scale, brand, research, relationships and relevance indicates that we are at the cusp of a significant multi-year opportunity.

Our objective is not just to service an existing market; it is also to grow it.

We expect to enhance nutrition affordability and strengthen our recall as a B2B solution provider and nutritional supermarket.

At Fermenta, we are attractively placed to make this happen. Over the decades, Fermenta has been playing the role of an evangelist in the Vitamin D space as a manufacturer that caters to customers worldwide.

This overarching role has been driven by our forward-looking investments in research. We invested disproportionately in research despite market weakness. We made sustained multi-year research investments. We commissioned a full-fledged research centre. We focused on the development of new grades, entry into adjacent spaces, quality improvement and cost moderation.

At Fermenta, we extended beyond research to the responsible manufacture of products and grades needed by our customers; we invested in manufacturing



infrastructure audited by demanding global regulatory agencies; we benchmarked our infrastructure in line with evolving compliances designed to exceed regulatory standards; we invested in cutting-edge technologies and state-of-the-art equipment; we extended to adjacent value-added segments by bringing in value-added variants.

At Fermenta, we raised our benchmarks in line with the best in the world. We generated superior production efficiencies, shrank our learning curve, sweated assets better, enhanced product purity and strengthened operational safety. The result is that we are not only among the largest Vitamin D providers in the world and among the most competitive; we are also considered among the most dependable when it comes to product, service and safety. The result is reflected in our multi-decade engagements with customers,

making us integral to their growth and success.

At Fermenta, we will grow our manufacturing capacity through investments that could enhance our proximity to customers across the world, shrink delivery turnarounds and strengthen our global positioning.

The addressable headroom is vast in our business: new Vitamin D3 applications are being developed while the number of players is not increasing as the industry continues to be protected by a high technology entry barrier. Dietary sources contribute only a small amount of Vitamin D in countries like India, marked by a low fortification of foods. The irony is that despite abundant sunlight, a large section of the Indian population (~90%) suffers from low Vitamin D levels.

What we were



Product-focused Company



Generating revenues largely from Vitamin D3



Manufacturing presence in India



Standalone operations



Asset-driven business



Capability in pharma and animal feed applications



Further, the global animal feed market presents a multi-year opportunity. We have already shifted the needle: In FY 2016-17, animal feed accounted for around 44% of the Vitamin D3 revenues whereas this increased to 56% in FY 2019-20. We have seen a CAGR volume growth of 15% from FY 2014-15 to FY 2019-20 in Human Vitamin D3 and 10% in Animal Vitamin D3. During the same period, we have seen a CAGR in value of 20% in Human Vitamin D3 and 23% in Animal Vitamin D3. Besides, the Company is positioning itself as a dependable supplier of quality products with excellence in service delivery, offering a superior price-value proposition.

In view of this large opportunity, the Company strengthened its Balance Sheet during the last financial year through a merger of its parent Company with the objective to reduce costs and enhance synergy. Each Company will get access

to the assets and cash of each other; the increased availability of resources now provides us with a potential war-chest with which to grow the business in an organic and inorganic manner across the foreseeable future. As an extension of the right-sizing of our Balance Sheet and monetisable assets, our credit rating strengthened from BBB to A- (long-term debt).

Some of the potential is already being translated into reality: even as we increased our manufacturing capacity in 2019, we plan to increase the production capacity by commencing operations at Sayakha in the near future, broad-basing our manufacturing foundation with a multi-year perspective. We believe that this sustained investment across market cycles moderates the premium in timing our investments in line with market developments.

We believe that the consumer mindset, manufacturing infrastructure as well as research cum product development have made us growth-ready.

The time has come for Fermenta to deliver.

Mr. Sanjay Buch
Chairman

What we are



Positioned as a solutions provider



Growing focus on nutraceuticals and food basket



Global manufacturing arrangements



Integrated backwards; wider value chain



Increasingly asset-light



Focus on human food applications

COVID-19 preparedness and response

Ensuring business continuity in the new normal

In the light of the gravity of the COVID-19 crisis, pace and unprecedented disruption, Fermenta remained committed to all its stakeholders. The Company took proactive measures to minimise disruptions to operations while prioritising the health of its employees. Your Company is engaged in a continuous endeavour to rebound from the impact of the pandemic.

Respond



Your Company mobilised a taskforce to monitor the situation in real-time and leverage business continuity plans in accordance with the dynamic realities. The taskforce ensured the creation of a robust implementable business continuity plan that was put into immediate action to mitigate the impact of COVID-19 on its business. Even as Fermenta was one of the first companies in its location to implement remote working, the prudent utilisation of technology ensured that employees remained digitally connected with minimal operational disruption.

Recover



In these unparalleled times, the Indian government classified our operations as 'essential' for maintaining the health and immunity of communities worldwide. Even as we continued to manufacture products, Fermenta remained committed to the safety, health and well-being of its various teams. The Company took appropriate precautions and implemented safeguards to protect employees while they continued to address global product needs.

Rebound



Fermenta believes that the post-COVID-19 scenario will be a completely different workplace and put in place measures to adapt to this change. As the world prepares for the new normal, Fermenta took precautions to ensure the safety of stakeholders, even as it continued to monitor the situation in real-time for updates. Fermenta put into place strategic measures to mitigate risks to business operations as well as human capital protection.

How Fermenta protected the interest of stakeholders during the COVID-19 pandemic



Customers

- Maximised precautions during product delivery
- Provided a real-time update on shipments
- Remained in constant engagement with customers
- Issued communications proactively on the status of operations



Employees and workers

- Embarked on initiatives to protect mental, physical and financial well-being
- Sanitised premises and workplaces
- Implemented high workplace safety / sanitation standards
- Implemented a smooth transition to working from home
- Conducted training in hand hygiene and respiratory etiquette
- Circulated health advisories within the Company
- Monitored temperature for entrants into factories and offices
- Implemented social distancing measures within premises
- Provided Personal Protective Equipment (PPE) to workers at the facilities



Investors

- Sustained focus on a healthy Balance Sheet
- Protected cash and cash equivalents of ₹33.11 Crores as on March 31, 2020
- Focused on cost rationalisation



Community

- Engaged with National Association for the Blind, India (NAB), to provide essentials and venture capital to daily wage earners. Fermenta took its association with NAB ahead and supported visually impaired individuals. NAB identified daily wage labourers or self-employed pan-India, most of them hailing from Mumbai's slum areas, which were unable to earn a living during the lockdown. Fermenta's contribution was utilised to purchase essentials or as venture capital to restart their business. NAB ensured accountability by verifying bank details, identification and visual impairment of the beneficiaries. This one-of-its-kind initiative validated Fermenta's corporate citizenship.
- Collaborated with Indchemie Health Specialities Pvt. Ltd. to provide Vitamin D to 250,000 Maharashtra Police personnel. Our corona warriors, including Maharashtra Police, were at the forefront of the fight against COVID-19 by working relentlessly to protect society. As a gesture of gratitude, Fermenta, along with Indchemie Health Specialities Pvt. Ltd., committed to supply Vitamin D doses to 250,000 Maharashtra police personnel.

- Police men and women received a pack of Vitamin D soft gelatin capsules, each strip containing sufficient dosage for an individual's recommended regime of 60,000 IU of Vitamin D3 per week for two months.



Global supply chain

- Engaged in tie-ups with leading transportation providers
- Ensured traceability of shipments through a real-time status monitoring of orders
- Developed strategic logistics partners across the globe
- Ensured sufficient supply of essential raw material



IT support

- Created a 'borderless workforce'
- Supported the business with no latency
- Facilitated secured virtual meetings
- Enabled employees to seamlessly shift to remote working
- Digitalised necessary processes
- Made routine operations contact-less



Mr. Krishna Datla
Managing Director

Our business overview for FY 2019-20

Key achievements, FY 2019-20

- The Company developed a value-added variant of Vitamin D3 500 feed grade
- Fermenta launched a new product, fish oil derived cholesterol, for the aquaculture market
- The Company established a wholly owned subsidiary in Germany – Fermenta Biotech GmbH
- The in-house cholesterol was manufactured as the Key Starting Material (KSM), strengthening the Company's self-reliance and sustainability

Q: What were the challenges faced by the business in the last financial year?

A: The decline in animal feed realisations during the last financial year significantly affected our overall revenues. Besides, an African Swine Flu in the second quarter of the last financial year resulted in a cull down of the global pig population, which moderated animal feed consumption. The Company's performance was further impacted by the COVID-19 pandemic during the last quarter of the financial year under review when Fermenta shut operations at its manufacturing facilities at Kullu and Dahej for three weeks in accordance with government guidelines. However, the Company continued to address the requirements of the day and build its business through the course of the year.

Q: What was the brighter side of this performance?

A: On the brighter side, we protected much of our offtake commitments across most of our customers. The Company reported an increase in volumes. The other positive was that during the last quarter of the year (extending into the first quarter of the current financial year) there was increased focus around human immunity requirements, expected to strengthen the offtake of Vitamin D3 products. We believe that this development can enhance the

relevance of a Company like ours that is completely backward-integrated and hence suited for catering to consumer demand in a sustainable manner.

Q: Through what initiatives did the Company strengthen the business?

A: In the past, the Company would procure cholesterol to manufacture resin that would, in turn, be used to manufacture either animal feed or human feed. During the year under review, the Company integrated backwards to the manufacture of cholesterol, widening its value chain. We believe that the challenging manufacture of cholesterol will achieve a number of things for our Company: strengthen control over operations, strengthen quality and enhance our dependability for the sustainable supply of our end product. The cholesterol manufactured was successfully included as a source of the Key Starting Material (KSM), which will strengthen the Company's competitiveness position and respect as an integrated self-reliant Vitamin D3 manufacturer. This integration makes us one of few players of our size in the world to have integrated backwards, strengthening our respect. As an extension to our product portfolio, we were able to manufacture cholesterol from fish oil for applications in the aquaculture market (specifically the shrimp feed segment), which was commercialised in the Latin America and Asia Pacific markets.

Q: The year under review was also the first full financial year following the amalgamation of Fermenta with DIL Ltd.

A: At Fermenta, we see the amalgamation as a game-changer for some good reasons. It brought together the interests of Fermenta and its parent Company in a synergic manner that we believe will enhance shareholder value across the foreseeable future. The merged entity possesses precious real estate estimated in excess of ₹500 Crores. The management has taken a decisive call to progressively monetise this land parcel along with Thane One and utilise the proceeds in growing its core business.

Q: Where does the Company go from here?

A: The Company broad-based its geographic footprint in a decisive way during the last financial year. The Company launched a wholly owned subsidiary in Germany, Fermenta Biotech GmbH, which will enhance our visibility in Europe. Besides, the Company entered into a contract manufacturing relationship with a European company for manufacturing value-added variants of its feed grade product. Similar value-added products will typically be new variants where we will utilise third party manufacturing resources. This will strengthen our position in terms of quality, reach and enhance



The synergies arising out of the merger

- Value-accretive to the shareholders of DIL Limited as they would have access to the core business of Fermenta Biotech Limited
- Greater integration, financial strength and flexibility, maximising shareholder value
- Greater cash and asset pool to fund organic and inorganic growth opportunities
- Improved organisational capability and leadership
- Cost savings arising out of rationalisation, standardisation and simplification of business processes in addition to the elimination of duplication and rationalisation of administrative expenses
- Leverage of a larger assets base and cash flow

customer offerings without additional capital expenditure. We believe that this asset-light arrangement will strengthen our 'Made in Europe' branding and improve customer accretion. We are optimistic that this game-changing investment will not only be good for our profitability but also for our respect as a solutions-focused global organisation.

Q: How is the Company strategically placed in its business today?

A: Fermenta's quality products enjoy applications across market segments. The Company's offerings range from its primary product Vitamin D and variants to integrated biotechnology platforms to environmental solutions to waste water management and treatment as well as real estate. This diversified portfolio helps mitigate risk and ensures cash flows even in volatile and uncertain market conditions.

Fermenta is the only manufacturer of Vitamin D3 in India and a leading player globally. Within this niche, the Company offers value-added variants across applications. We believe that the market of Vitamin D3 is at the cusp of an attractive break-out: new downstream applications and delivery formats are being continuously developed even though Vitamin D has been available for decades, as a result of which the niche represents

a curious balance of being mature on the one hand and sunrise on the other. In the current situation, there is an increasing awareness that Vitamin D is beneficial not just for bone health, but also for wellbeing, immunity, muscle cum joint strength, mental as well as heart hygiene. What provides Fermenta optimism is the extent of Vitamin D deficiency and a growing awareness of its benefits.

Q: How does the Company intend to capitalise on these realities?

A: The Company is attractively positioned to cater to the global consumption of ingredients and premixes in human and animal nutrition applications. The Company's optimism is derived from the following credentials: its diversification in the space of nutrition-based ingredients, retention of key accounts (combined with the addition of new customers across all territories and segments), primed for growth through new product offerings and an attractive pipeline in the nutritional ingredients domain. The Company expects to diversify its presence in the food segment through the addition of relevant products for milk and oil fortification. In view of these building blocks, the Company is confident of achieving significant growth across the foreseeable future.

Q: What are the principal opportunities for the Company?

A: Fermenta expects to address the growing preventive health sector by positioning itself as a one-stop destination for nutritional ingredients. By utilising its widening global distribution network, Fermenta expects to provide world-class nutritional offerings through a combination of inorganic and organic partnerships. The Company will deepen its presence in the area of Vitamin Mineral Supplements by addressing the preventive health and wellness segments. The result is that we envisage Fermenta to evolve into a leading player catering to the growing need for fighting widespread malnutrition in India.

Mr. Krishna Datla
Managing Director

STRATEGIC OUTLOOK

Our performance ambition: Profitable and sustainable business growth

6 ways in which

Fermenta intends to enhance shareholder value

Global alliances and acquisitions



Fermenta established a subsidiary in Germany to enter into a contract manufacturing relationship with a European manufacturer specialising in Vitamin D3 technology. Fermenta is also open for acquisition opportunities in the nutraceutical API space. It has conceived global alliances with strategic business partners to create a robust and sustainable future.

Impact: Asset light product outsourcing arrangement

Backward integration



Fermenta implemented backward integration into the manufacture of cholesterol in the FY 2019-20. The Company uses cholesterol as a Key Starting Material to manufacture its primary product Vitamin D.

Impact: The investment will result in increased self-reliance and mitigation of supply side risks.

Capacity expansion



Fermenta entered into a 99-year lease to acquire about 40,000 sq mtrs of land from the GIDC Authority in Ankleshwar (Sayakha). The Company intends to commence manufacturing in the foreseeable future.

Impact: The new facility will focus on capacity expansion of existing products and nutraceuticals

Disruptive innovations



The Company's R&D pipeline is set to widen its product mix by leveraging on existing strengths in the VMS and related segments. The division is addressing the growing global consumption of Vitamin D3 in human and animal feed applications.

Impact: The Company expects to diversify its presence in the food segment and address the growing dietary and nutritional supplements market

Leveraging post-amalgamation assets to finance growth



The market value of real estate owned by the Company is estimated at over ₹500 Crores, representing a large portion of the Company's market valuation.

Impact: The asset value will be monetised and proceeds utilised for the core business

Customer-driven product and service



The Company intends to build a product portfolio around consumer demand and provide high-quality ingredients with delivery excellence to a valued clientele, emerging as not just a supplier but a strategic long-term partner.

Impact: The Company aims to increase its offerings and leverage long-standing relationships with customers

Our widening global footprint

INDIA

Manufacturing in two locations
Exports to 50+ countries



EUROPE

Subsidiary in Europe
Contract manufacturing
agreement in place
European face of the Company
Facilitate quicker customer
deliveries in Europe



RELEVANCE

Vitamin D: Role in immunity and health

Vitamin D has been called the miracle nutrient of the century by Mike Adams, natural health researcher. More than 10,000 products containing Vitamin D were launched globally in 2019.

Vitamin D is a pro-hormone that can be synthesised by the human body through the action of sunlight and is then transported to the liver and kidney, where it is transformed into an active hormone. Vitamin D is responsible for the intestinal absorption of calcium and bone health. It reinforces the immune system by inducing cathelicidins and defensins that reduce viral replication rates and also stimulates macrophages and dendritic cells, and suppresses the cytokine inflammatory response and helps protect against respiratory infectious diseases

viz. influenza, pneumonia and COVID-19. Therefore, Vitamin D could be considered as an adjunct therapy for COVID-19.

According to the French National Academy of Medicine, the administration of Vitamin D is a simple and inexpensive measure. Besides, Vitamin D (i.e. 25 OHD) testing in people over 60 years of age with COVID-19, supplementing with a loading dose of 50,000 to 100,000 IU in case of deficiency, could reduce respiratory complications.

According to an article published by W. B. Grant et al. *Nutrients* 2020, consuming 10,000 IU/day for a month



Vitamin D's increased relevance for a range of health benefits

A trial conducted by AIIMS, New Delhi, concluded that Vitamin D supplementation for 78 weeks may decrease fasting blood glucose, 2-h blood glucose (post OGTT), HbA1c, and truncal subcutaneous fat in overweight/obese pre-diabetic and Vitamin D-deficient Asian Indian women. (Source: AIIMS Study, Jan 2020)

Research on the effects of Vitamin D continued at a strong pace in 2019 with 4541 publications with Vitamin D in the title or abstract listed at pubmed.gov for 2019, up from less than 1500 per year prior to 2004. Two major clinical trial results reported significant beneficial effects for Vitamin D supplementation. (Source: www.orthomolecular.org)

The acceptance of Vitamin D in bone health is time-honoured. However, the discovery of Vitamin D receptors and enzymes that convert the primary circulating form of Vitamin D to the active form in most tissues and cells has extended Vitamin D science beyond bones to cover diseases like diabetes, cardiovascular diseases, pregnancy & lactation, cancer and autoimmune diseases.

Vitamin D is a fat-soluble vitamin essential for maintaining the human body's mineral balance. Vitamins D2 and D3 are the available forms of Vitamin D.

The most important source of Vitamin D is Vitamin D3 (cholecalciferol) produced in the skin through the exposure to solar ultraviolet-B (UVB) radiation.

Big numbers

45.75

(USD, Billion), the global dietary supplement market, 2018

74.41

(USD, Billion), the global dietary supplement market, 2026

7.20

(%), projected global vitamin D supplements market growth, 2019-2024

(Source: Fortune Business Insights, Mordor Intelligence)

is recommended, for a rapid increase in circulating levels of Vitamin D (preferred range of Vitamin D levels is 40– 60 ng/mL). The dose can be decreased to 5,000 IU/day to maintain the levels thereafter.

Dr. William B. Grant suggests, "Mortality is the most important clinical outcome. Maintaining optimal vitamin D blood levels of 100-150 nmol/L or 40-60 ng/ml may help to increase your life expectancy by two years."

Vitamin D: Immunity and respiratory health

- Vitamin D is known to have immuno-modulatory, anti-inflammatory, and antiviral properties. Supplementation with Vitamin D could play a vital role in improving immunity and reducing the risk of acute respiratory infections.
- Numerous studies have suggested the following benefits of Vitamin D for respiratory health: Significant

immuno-modulatory effects by inhibiting the levels of the pro-inflammatory cytokines compared to the baseline. Besides, a significant increase in calcium levels was discerned.

- Reduction in the risk and severity of Acute Respiratory Tract Infections (ARTIs) and Community Acquired Pneumonia (CAP)

Our Stakeholder Value-Creation Report FY 2019-20

How we enhanced value in an integrated, inclusive and sustainable way

Overview

The Integrated Value-Creation Report represents the cornerstone of corporate success. This new measure overcomes the limitations of the conventional approach with a more comprehensive framework that captures a wider set of initiatives addressing a larger family of stakeholders.

The Integrated Reporting approach explains the sectoral context, analyses corporate strategy and competitiveness

leading to different reporting strands (financial, management commentary, governance and remuneration, and sustainability reporting) integrated to express an organisation's holistic ability to enhance value.

Integrated Reporting explains to providers of financial capital how an organisation enhances value. Its impact extends beyond financial stakeholders; it enhances understanding across all stakeholders -

including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers - focused on an organisation's ability to improve value across time. This shift from the 'hard' to 'soft' (non-financial data) helps screen a Company like Fermenta more comprehensively.



Drivers of Fermenta's performance: Creating shared value

At Fermenta, we believe that the interplay of value for our various stakeholders has translated into our business profitability and sustainability.

Our employees represent the aggregate knowledge of how to grow the business across a range of functions (research, procurement, manufacturing, marketing, technology, finance etc.). Our focus is to provide an engaging and exciting workplace, generate stable employment and enhance productivity.

Our shareholders provided capital for our business ventures. Our focus is to generate free cash, growing RoCE and, in doing so,

enhance the value of their holdings.

Our vendors provide credible and a continuously supply of resources. Our focus is to maximise quality procurement through strategic sourcing arrangements with the objective to widen our markets, strengthening sustainability.

Our customers keep us in business through a consistent purchase of products, generating the financial resources to sustain our operations. Our focus is to cater to a larger number of customers by supplying quality products and widen our basket of offerings.

Our communities provide the social capital (education, culture etc.). Our focus is to support and grow communities through

consistent engagement. Across all the regions that we operate in, we endeavour our utmost to contribute towards the fulfillment of human rights, in compliance with not only the local laws but also our corporate ethical values.

Our governments in the areas of our presence provide us with a stable structural framework that ensures law, order, policies etc. Our focus is to serve as a role model for corporate citizenship.

At Fermenta, we believe that the prudent interplay of the value generated by each and our consistent payback ensures business sustainability and the ability to enhance organisational value.



The resources of value-creation



Financial capital: The financial resources that we seek are based on the funds we mobilise from investors, promoters, banks and financial institutions in the form of debt, net worth or accruals.



Manufactured capital: Our assets, technologies and equipment for service delivery constitute our manufactured capital.



Human capital: Our management and employees form a part of our workforce, their experience and competence enhancing value.



Intellectual capital: Our focus on cost optimisation and operational excellence, as well as our repository of proprietary knowledge, account for our intellectual resources.



Natural capital: We endeavour for a minimal impact on the natural environment.



Social and relationship capital: Our relationships with communities and partners (vendors, suppliers and customers) influence our role as a responsible corporate citizen.

Our strategy

Strategic focus	Key enablers	Material issues /addressed
Vendor focus	<p>Fermenta has generated a growing appetite for resources and services, a robust platform for vendors with a long-term business focus</p> <p>The Company works with a global base of resource providers</p>	Superior use of cutting-edge technologies leading to solution differentiation
Shareholder focus	<p>Fermenta emphasises governance, operational excellence, cost leadership and information transparency.</p> <p>The Company is focused on increasing annual topline coupled with profitable growth.</p> <p>The Company concluded a value-enhancing merger in the last financial year</p>	Creating the basis of long-term viability through an a superior price-value proposition
Customer focus	<p>Fermenta remains a product provider of choice through high quality and dependable supplies</p> <p>The Company established international subsidiaries backed by third party manufacturing capacities to shrink delivery tenures in Europe</p>	Enhancing revenue visibility through multi-year customer agreements
Employee focus	<p>Fermenta is an employer of more than 500 people across locations.</p> <p>The Company trains each employee for a number of hours a year, provides stable employment, ESOPs and other benefits</p>	Creating a professional culture seeking overarching excellence in everything the Company does
Community focus	<p>Fermenta is a responsible corporate citizen.</p> <p>Fermenta provided ₹1.86 Crores in FY 2019-20 for CSR</p> <p>The Company invested in sewage treatment, recycling /e-waste and water treatment</p>	Plays the role of a respected support in the areas of its presence
Government focus	<p>Fermenta abides to taxation requirements in the geographies of its presence, generates local employment, complies with laws and statutes and enriches the communities where it is present.</p> <p>The Company generated ₹197.67 Crores in foreign exchange earnings in FY 2019-20</p>	Customer's needs for a customised solution

Our value-creation in numbers

Employee value (salaries and wages)

(₹ Crores)

Year	Value (₹ Crores)
2016-17*	23.24
2017-18*	34.96
2018-19	46.65
2019-20	37.61

* Consolidated salaries and wages

The Company invested progressively larger amounts in employee remuneration, underlining its role as a responsible employer (declined during the year under review).

Employee value (revenue per person)

(₹)

Year	Value (₹)
2016-17*	0.46
2017-18*	0.79
2018-19	0.99
2019-20	0.60

* Consolidated revenue per person

The Company's investment in its people (training, empowerment and career growth) translated into increased productivity across the year when measured in terms of revenue per person.

Vendor value (procurement)

(₹ Crores)

Year	Value (₹ Crores)
2016-17*	82
2017-18*	92
2018-19	125
2019-20	117

The Company procured a larger quantum of resources through the years, strengthening procurement economies.

*Consolidated Procurement

Shareholder value (market capitalisation)

(₹ Crores)

Year	Value (₹ Crores)
2016-17*	176.34
2017-18*	655.16
2018-19	754.97
2019-20	626.14

The Company strengthened shareholder value through a complement of prudent business strategy and accrual reinvestment, leveraging its value chain, cost management and the merger.

*Consolidated Market Capitalisation

Community (CSR investment)

(₹ Crores)

Year	Value (₹ Crores)
2016-17*	0.08
2017-18*	0.22
2018-19	0.88
2019-20	1.81

The Company enriched communities in the geographies of its presence through a complement of education and health focused programmes as well as animal protection and welfare.

*Consolidated CSR Investment

Government (taxes paid)

(₹ Crores)

Year	Value (₹ Crores)
2016-17*	2.25
2017-18*	18.28
2018-19	32.82
2019-20	13.91

The Company reinvested in the nations where its operations are located through the prompt payments of taxes and other statutory dues.

*Consolidated Taxes paid

Customer value (revenues)

(₹ Crores)

Year	Value (₹ Crores)
2016-17*	165
2017-18*	303
2018-19	405
2019-20	301

The Company generated increased revenues, an index of the value created for customers, coupled with an increase in average items sold to each customer.

*Consolidated Revenues

Fermenta's sustainable 10 P's platform

At Fermenta, we have invested in a structured 10 P's platform with the objective to generate multi-year profitable growth.

The platform is attracting strategic priority, corresponding investments and a strategic visibility. We believe that this approach will enhance value for all our stakeholders, the basis of our long-term success.

We believe that this platform is relevant: there is a growing role of trust in consumer engagement, markets are getting larger, manufacturers are commissioning larger capacities, there are a larger number of variables influencing competitiveness, regulatory compliances are deepening, product price swings are widening and there is a larger need for economies in business growth.



Pedigree

Made governance central to corporate existence	Governance in line with the demanding standards of the day	Strengthening governance framework	Governance journey navigated by the Board of Directors
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Performance-driven

Invested in quality (product and process) and certifications	Benchmarked manufacturing operations with the best global standards	Implemented business process re-engineering for operational excellence	Created capability platforms for sustainable growth
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People

Invested in managerial bandwidth before growth curve

Invested in recruitment, training and retention

Invested in functional specialisation

Provided ESOPs; deepened training



Proximity

Positioned as a reliable supplier to anyone in the world

Widened and deepened the product mix

Prioritised meeting the quality and quantity needs of customers

Achieved a high percentage of on-time and in-full order fulfillments

Invested in creating an international distribution network



Product mix

Widened the product mix across applications

Introduced value-added Vitamin D variants

Addressed widening customer needs

Positioned the Company as one of the leaders in the Vitamin D space



Promotion

Broad-based marketing approach

Marketing across geographies and segments

Wider and deeper marketing mapping

Focus on deeper customer engagement

Subsidiaries in international geographies



Product

Developed value-added formats	Certified by international regulatory agencies	Used across applications from human nutrition to animal nutrition	Manufactured feed grade variant through a third party arrangement in Germany
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Place

Tolling facilities in Europe	Geographic de-risking	Proximity to customers	Broad-based international footprint
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Platforms

Adjacent and synergic product spaces

Creation of larger product families

Room to combine vitamins and productise new ingredients



Partnerships

With international contract manufacturing organisations

With longstanding global experts

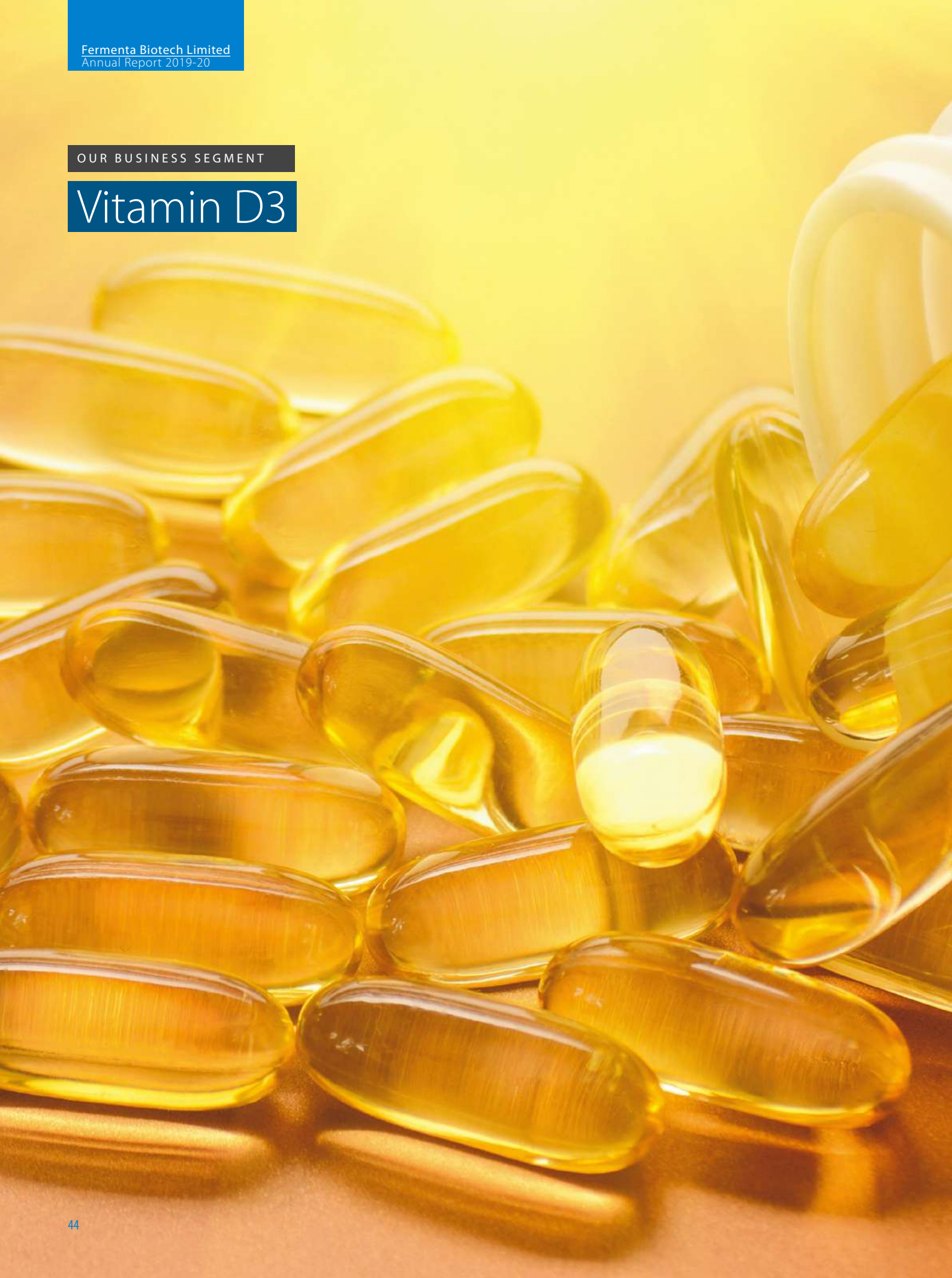
With companies possessing technological expertise

With application-based distribution networks

With global resource suppliers

OUR BUSINESS SEGMENT

Vitamin D3



Overview

Fermenta is the only manufacturer of Vitamin D3 (cholecalciferol) in India, supplying to more than 300 customers around the world. A majority of the Company's topline is generated by this business segment. Over the past few years, the Vitamin D market reported significant growth in applications across pharmaceutical, dietary and nutritional supplements, food, veterinary, feed and rodenticides segments.

The importance of Vitamin D3 for health underlines its essentiality in human and animal nutrition. Further, it can also be used as a rodenticide, with proven efficacy and safety for non-targets. This diversified mix gives Vitamin D a narrow but deep purview – Fermenta offers value-added variants across this wide range of applications.

The food safety approvals received by the Company's facilities helped make inroads in the large and relatively untapped global food premix market. The Company integrated backwards to manufacture the key starting material cholesterol, strengthening its competitiveness.

The performance continued to grow across various business divisions through a retention of the customer base and addition of new accounts. The coordination between the sales

and marketing teams empowered the business to enter new territories, leading to geographical expansion. The implementation and effective use of the CRM platform Salesforce.com across the business unit enhanced productivity, strengthening customer service.

The Company took a strategic call to initiate diversification in the ingredients space. It intends to explore opportunities to service its existing customers with new ingredients and strengthen its position in the nutraceutical segment. The Company intends to expand its portfolio by adding nutrition-based ingredients.

The Company intends to create a robust portfolio comprising value-added vitamins, minerals and nutritional substances. The outlook of the business is positive in the light of a growing focus on the food fortification segment.

80%

Share of overall revenues,
FY 2019-20

OUR BUSINESS SEGMENT

Other Pharmaceutical Ingredients



Overview

For more than six decades, the Company focused on the manufacture of Specialty APIs and biocatalysts. Apart from Vitamin D3, the Company produces Phenyramidol and Silicon Dioxide products as a part of its pharmaceuticals business.

The Company's core strength lies in harnessing cutting-edge technologies to manufacture quality APIs. Fermenta is respected for its ability to optimise synthetic routes for pharmaceutical compounds. During the year under review, the overall consumption remained stable. Fermenta produced Phenyramidol and Silicon powder based on the contractual customer requirement, which increased capacity utilisation.

Key highlights, FY 2019-20

Phenyramidol offers an attractive and unique proposition of addressing the therapeutic gap in the muscle relaxant segment. Phenyramidol's ideal safety profile along with its usage history establishes a strong case of safety of the molecule.

Phenyramidol formulation tablets and injectables are registered as muscle relaxants in Turkey since 1970, a leader in this therapeutic segment. The formulation has also been registered in Nigeria for five years.

The market for Phenyramidol indicates promising opportunities in view of a steady rise in the incidence of low back pain as well as neck and shoulder pain mainly due to the excessive time spent on electronic devices and compromised seating habits. The Company's business is optimistic of prospects.

10%

Share of overall revenues,
FY 2019-20

OUR BUSINESS SEGMENT

Biotechnology



Overview

The Company delivers proprietary specialised technologies through its enzyme portfolio across the biopharmaceutical product life-cycle. These services are offered across the complete product lifecycle – pre-clinical stage to commercialisation, enhancing project ownership, quality and customer convenience.

The Company's expertise ranges from microbiology to genetic engineering, fermentation to enzyme purification, enzyme immobilisation to enzymatic synthesis and polymer beads development to scale-up synthesis.

Over the years, the Company developed and manufactured enzymes such as Penicillin G Acylase products i.e., Fermase PS 250 and Fermase PA 850 that are used in the manufacturing processes of various antibiotics. The Company's enzyme technology for the synthesis of amoxicillin and cephalosporin antibiotics offers unique features and a competitive edge for antibiotic producers. Fermenta offers CAL B, a lipase enzyme with applications across pharmaceuticals. The Company also offers enzyme immobilisation optimisation and supply services of various scales up to multi-tonne commercial quantities.

During the year under review, the Company improved the yield and

recyclability of enzymes, strengthening capabilities of fermentation, immobilisation, polymer technology and molecular biology. The Company has been working closely with key customers by offering enhanced technical support on the Integrated Biotechnology portfolio to strengthen its position in the Indian market. The Company intends to emerge as a sustainable and reliable source of enzymes for Indian antibiotic manufacturers.

Going forward, the Company intends to improve yield and reduce costs of production. The Company expects to develop new applications, increasing the customer base and market presence. The R&D team will continue streamlining and improving its expertise in molecular biology to foster product development and provide biocatalyst solutions for enzymatic applications.

3%

Share of overall revenues,
FY 2019-20

OUR BUSINESS SEGMENT

Environmental solutions





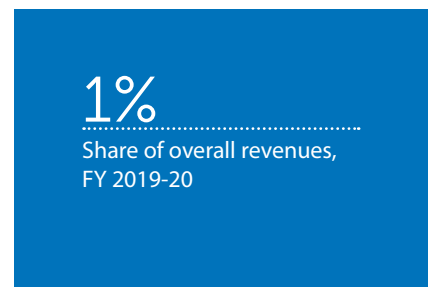
Overview

Fermenta offers a blend of integrated biotechnology as well as engineering solutions that address environmental issues related to waste water management and treatment addressing sewage and effluent treatment.

The Company's special micro-organisms, enzymes and platform technologies provide unique advantages in waste water treatment and management. The sales of the Company's proprietary brand, Fermsept®, increased due to an increase in annual maintenance contracts for wastewater treatment plants. Moreover, the bio culture product Fermsept® helps increase biomass, forming sporulated bacterial colonies to reduce obnoxious odour and improve outlet-treated sewage quality.

During FY 2019-20, the Company engaged with consultants, architects and developers to increase the enquiry base for its solutions for Sewage Treatment Plants (STPs). The Company conducted a comprehensive audit of an existing STP in one of the renowned hotels and submitted a detailed report on the findings and solutions. The Company tied up with vendors and manufacturers for membranes and other fabrication equipment, which helped in reducing the cost of procurement, enhancing

competitiveness. The Company modified the Thane One STP from manual operation to automated pneumatic system, PLC and SCADA. The Company collaborated with KLARO, a German technology provider, to build state-of-the-art package sewage treatment plants with latest SBR process conforming to regulatory standards and reduction of power consumption ideal for hotel, resorts, complexes and hospitals. Fermenta also collaborated with Peschl Ultraviolet for the evaluation of new opportunities in the effluent treatment domain. The project orders received in the beginning of 2020 will be executed in 2020-21. The completion of these projects will enable the Company to bag larger projects once the plants are commissioned and outlet water quality is provided to the customer.



Business enablers: Our people and processes

Human resources

We believe that people represent the heart of our organisation. In FY 2018-19, we initiated and successfully completed a HR transformation exercise by implementing SAP Success Factors, a global benchmark in goal-setting and performance management.

At Fermenta, we care for the well-being of our employees by providing a safe, inclusive and engaging work environment.

Our corporate values are imbibed in our Company's culture; our certification as a Great Place to Work® for the second consecutive year in a row is a reflection of the trust our employees place in the Company.

Fermenta promotes learning and development of its employee's skills through regular development programs and sessions conducted across locations.

We promote a diverse workforce and provide equal employment opportunities. Fermenta has a grievance redressal committee to address complaints. Our code for redressal of grievances with regard to sexual harassment provides a detailed mechanism and is available on our website.

Innovation

Our state-of-the-art R&D centre was upgraded and now comprises 14,000 sq. ft. and necessary equipment. The centre is divided into API, Biotechnology and Formulation Development divisions that conduct research in the fields

of fermentation technology, enzyme platforms, yield enhancement and value-added format development.

Fermenta is engaged in a continuous endeavour to implement disruptive

technologies that enhance product stability and bio-availability, providing customers a competitive advantage.

Manufacturing

Our manufacturing facilities at Dahej (Gujarat) and Kullu (Himachal Pradesh) possess all necessary accreditations and are 24x7 audit-ready.

The performance highlights during the last financial year comprised the following:

Vitamin D3 capacity was significantly increased. The 'cholesterol' manufacturing set-up was completed successfully

Yields of integrated biotechnology products were increased

Effective preventive maintenance enhanced productivity

Production targets were achieved with assured quality

Continuous improvement was reported in productivity and product efficacy

Supply Chain Management

Procurement: As part of our backward integration strategy, our long-term supply contract with partners provided direct access to an assured supply of wool grease approved by international regulatory authorities. In the last few years, business has grown manifold in terms of volumes. The Company sourced all its required materials in a timely way in growing

volumes, strengthening the role of procurement in corporate strategy.

Logistics: In our endeavour for an agile supply chain, we aim to maintain traceability, transparency and transportability of dispatches. Fermenta collaborated with a one-of-its-kind strategic partner for its logistics requirements in the German subsidiary.

Another significant achievement was the transfer of all licenses and permissions related to export/import to the amalgamated entity following the merger, which was successfully completed without operational disruption.

Marketing

Increasing visibility of Brand Fermenta

Participation in various exhibitions helped showcase Fermenta's capability to existing and potential customers. The Company exhibited in CPhI Worldwide and CPhI India, a meeting point for the pharmaceutical industry, for its Vitamin D business. The Company also exhibited in IFAT India, where it demonstrated its environmental solutions expertise.

Vitamin D Guru: Our public awareness initiative

Fermenta's public awareness initiative, Vitamin D Guru, associated with Adidas Creators Premier League, one of the most prestigious corporate football leagues in India, along with a collaboration with other outdoor events. Vitamin D Guru was also the Health Partner at the India Pharma Awards at CPhI India 2019, where activities to increase Vitamin D awareness were conducted at the function attended by industry leaders and executives.



Integrated performance: Building our business the responsible way

Overview

A growing number of global manufacturers are recognising financial and environmental benefits from sustainable business practices. Besides, stringent environmental norms regulating agencies are helping reduce resource depletion, water scarcity, pollution and other harmful impacts.

The result of these realities is a greater emphasis on sustainable manufacture. This comprises the manufacture of products through economically sound processes that moderate the consumption of energy and natural resources while reducing negative environmental impact, in addition to enhancing employee, community and product safety.

Besides, there is a growing emphasis on aligning business existence with United Nations' 10 principles for manufacturing responsibility and environmental sustainability covering Human Rights, Labour interests, Environment responsibility and Anti-Corruption initiatives.

The management's approach

Over the years, Fermenta focused on a reduction of its environmental footprint, planet preservation and moderated resource consumption through a proactive investment in the use of modern tools, practices, methodologies and standards.

The Company's commitment to improvement is demonstrated in its Plan-Do-Check-Act (PDCA) management system, which provides a framework of policies, processes and procedures. It helps provide the structure of how the people, the information and the technology are integrated, and it provides workforce with a unique learning experience.

Plan	<ul style="list-style-type: none"> ▪ Objectives ▪ Targets 	<ul style="list-style-type: none"> ▪ Goals ▪ Objectives ▪ Work plans ▪ Program development
Do	<ul style="list-style-type: none"> ▪ Implementation and Operations 	<ul style="list-style-type: none"> ▪ Training ▪ Communications ▪ Consultation ▪ Safety and Hazard Management Plans ▪ Emergency response
Check	<ul style="list-style-type: none"> ▪ Checking 	<ul style="list-style-type: none"> ▪ Process Equipment inspections ▪ Fire protection system inspections ▪ Incident/accident investigation and statistics ▪ Monthly reports, Annual reports ▪ Performance reviews
Act	<ul style="list-style-type: none"> ▪ Corrective and preventive actions 	<ul style="list-style-type: none"> ▪ Policy & procedure adoption ▪ Strategic planning process

Sustainable Development Goals

During the last decade, the United Nations outlined sustainability principles for responsible product manufacture leading to environmental sustainability. These principles were classified across the buckets of Human rights, Labour, Environment and Anti-corruption. At Fermenta, our business model is benchmarked in line with a number of these sustainability goals, reinforcing the Company's standing as a respected corporate citizen.



Integrating Sustainable Development Goals into our strategy

3 Good health and well-being

Our flagship product Vitamin D enhances immunity, general health and wellbeing. We partnered Vitamin Angels to eliminate Vitamin A deficiency in mothers and children under 5, especially in developing and under developed countries. Vitamin D Guru is our public awareness initiative related to the health benefits of Vitamin D and its natural sources

6 Clean water and sanitation

Our Environmental Solutions business offers engineering and biotechnology platforms for waste water management and treatment. Our engineering experts run an in-house Sewage Treatment Plant (STP) that reduces water consumption by 80%, and recycles water into gardening and flushing. The automated SCADA system remotely manages STP operations across the country.

4 Quality education

We offer customised training and development programs across functional areas. Fermenta has contributed towards schools in the local communities through e-learning resources for special children. In collaboration with the National Association for the Blind (NAB), your Company contributes towards Braille kits with an educational grant.

9 Industry, innovation and infrastructure

Fermenta's operations contribute to economic development and foreign currency earnings. Our state-of-the-art manufacturing facilities are certified by international regulatory bodies. We upgraded our world-class 14,000 sq ft R&D facility in Thane. Our business park. Thane One has won infrastructure awards for its environment-friendly design.

10 Reduced Inequalities

Fermenta consciously hires female trainees across functions to provide a platform for young talent. Grievance redressal committees constitute at least one female member. Our workforce includes differently-abled employees, our endeavour to provide employment opportunities. In collaboration with NAB, Fermenta set up a music academy for students, and also contributes towards corneal transplants and squint corrections. Fermenta sources gifts from NAB, providing them opportunities to earn through their skills.

All the Company's manufacturing units were certified under a comprehensive safety and health management system complying with OHSAS 18001:2007 and environment management system complying with ISO 14001:2015.

Health and safety initiatives

Ensuring the safety and health of our employees is at the forefront of our priorities. We take precautionary measures to secure the same, while conducting regular training to increase awareness to prevent accidents. Our safety culture was reinforced in proactive actions during the COVID-19 outbreak.

The Company organised road safety awareness camps at its manufacturing units. It conducted health sessions for building employee awareness across all sites. It developed a customised 3D animated safety induction video for employees and contractual workers. A 3D animated visitor safety induction training program was developed for every visitor prior to their entry inside any of our manufacturing premises. It launched the 'Behaviour Based Safety', 'Road Safety', 'Safe Work in Confined Space

for Sewage Treatment Plant', 'Sewage Treatment Plant Risk Assessment' and 'Visitor Safety Induction' campaigns to enhance awareness. It organised a training session on Novel Coronavirus (COVID-19) risk mitigation, educating employees and workers about safety measures.

All the Company's manufacturing units were certified under a comprehensive safety and health management system complying with OHSAS 18001:2007 and environment management system complying with ISO 14001:2015. The Company has been consistently focusing on equipment safety, lockout and tag out, behavioural safety, tool box talks and other industrial safety aspects.





Environment

Fermenta is committed to its Triple Bottom Line business approach, emphasising the importance of people, planet and profit. The Company recognised the importance of reducing carbon footprint, which determines the way we source, utilise and allocate resources. Maintaining sustainability is also an essential component of our business continuity. We contribute towards environmental issues through our Environmental Solutions business vertical, which offers solutions around waste-water treatment and management, and also in our business park, which is a 'green' building.

Fermenta is conscious of environment protection. The Company has formed a core environment team discipline to supervise and co-ordinate environment related activities/initiatives across the organisation. The Company adopted focused strategy towards waste management through waste minimisation and the conservation of resources. In the manufacturing units, mixed solvents

generated during product processing are recycled through the recovery plant and reutilised; about 95% solvent were recovered and recycled into the process. The Company commissioned an in-house environmental laboratory for air and effluent monitoring. The Company periodically monitored regulatory values for NO_x, SO_x and particulate matter, while reducing SO_x generation through boiler fuel conversion.

The Company followed the classic '3R' strategy of Reduce, Reuse and Recycle for waste management. Waste generation was contained within the limits as stated by the Centre Pollution Control Board (CPCB) and State Pollution Control Boards (SPCBs) across all divisions.

The Company installed a primary, secondary and tertiary treatment-based ETP of adequate capacity, designed to comply with on-ground disposal norm. Treated effluent is monitored on real-time basis through an online monitoring system. The Company was a member

of Treatment, Storage and Disposal Facility of hazardous waste (TSDF); all hazardous chemicals were segregated and neutralised for safe disposal.

Process and fuel combustion-based emissions, including workplace emissions, were effectively controlled through scrubbers, effective stack height and good manufacturing practices to reduce fugitive emissions. The Company continued to invest in reducing air emission levels through the adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control equipment.

To prevent contamination in sewers and rivers, the Company adopted voluntary control values for pollutants that were stricter than the legal and regulatory values. The Company handled large quantities of chemicals across manufacturing facilities; it applied voluntary control values to prevent soil contamination.

Corporate social responsibility

Overview

At Fermenta, we play the role of a responsible corporate citizen. We paid forward to society from the time we went into business and well before CSR became mandatory for organisations.

Fermenta recognises the importance of engaging with all stakeholders, and the necessity for a special focus on the marginalised. Our CSR policy articulates that the Company seeks to be a good corporate citizen in everything that it does. Fermenta's CSR policy describes its vision, which states that we incorporate our corporate social responsibility initiatives as a strategic tool. We seek to empower communities that surround us and attempt to drive change in our focus areas of healthcare, children and the specially-abled. We seek to integrate inclusive development into our strategy with the objective to emerge stronger together.

Our role is defined by a number of priorities.

One, we believe in sharing our success with communities.

Two, our corporate social responsibility projects are aligned with national and regional priorities.

Three, we have extended beyond mere cheque-book writing to a deeper engagement with the objective to make a lasting difference.

Four, we partner specialised agencies who possess deeper on-ground experience and understanding.

Five, we believe in making initial investments where a moderate engagement from our side can translate into disproportionately larger societal impact.

Six, we focus on responsible engagement where we empower beneficiaries to assume control of their lives.

Commitments, FY 2019-20

During the financial year under review, the Company invested ₹1.86 Crores in CSR initiatives. The Company focused on initiatives in the areas of promoting health, e-learning, rural development, animal protection and social welfare.

The Company undertook initiatives for empowering local communities in and around its manufacturing facilities. Around 6,800 reflective vests were distributed to 272 Kardhar heads that had come from distant towns and 200 safety vests to the Kullu traffic police.

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The Company launched MargDarshak app, a holistic pedestrian safety solution. It created a stall at the Kullu Dussehra event that conducted awareness activities like quizzes on road safety, pledge boards for visitors to sign and demonstration of the MargDarshak app.

Fermenta has been associated with National Association for the Blind (NAB) for more than three years. During the year under review, the Company contributed towards 236 keratoplasty surgeries (corneal transplants), 295 educational Braille kits, 22 squint correction surgeries, grant for diploma in Special Education and establishment of the NAB-DVK Music Academy in memory of Late Mr. Datla Vasant Kumar.

The Company also collaborated with Sitapur Eye Hospital, contributing towards keratoplasty surgeries for 258 beneficiaries.

Fermenta contributed towards an e-learning initiative for implementation in schools at Lakhigram, Vagra and Bharuch and commenced a similar project in Kullu. It donated computers to Visually Impaired School, Kullu, and Sahayog School for special children, Nagchala. It installed solar lights for environmental sustainability in and around its manufacturing facilities. It distributed sweaters and school bags;

it donated furniture and installed water cooler at the schools. It contributed a generator for a local hall in Bharuch.

The Company distributed wheelchairs to soldiers who retired from service due to spinal cord injuries while serving the nation.

It signed a tripartite Memorandum of Understanding (MoU) with Jupiter Hospital and the Rotary Club of Thane Premium, for contributing towards paediatric cardiac surgeries of patients belonging to underprivileged and financially weak backgrounds.

The Company signed a Memorandum of Understanding (MoU) with Sanjay Gandhi National Park (SGNP), Mumbai, ensuring environmental sustainability, flora and fauna protection, animal welfare and the conservation of natural resources.

During the financial year under review, the Company invested ₹1.86 Crores in CSR initiatives. The Company focused on initiatives in the areas of promoting health, e-learning, rural development, animal protection and social welfare.

Management Discussion and Analysis

Global economic overview

The global economy grew 2.9% in 2019 compared to 3.6% in 2018, the result of an increase in trade disputes globally and slowdown of the manufacturing sector, coupled with a global financial crisis and Brexit. Global trade also grew a

mere 0.9% in 2019 due to trade tensions and slower economic growth.

Indian economic review

Indian economy slowed to 4.2% in FY 2019-20, compared to 6.1% in FY 2018-19. However, India emerged as

the fifth-largest world economy in 2019 and jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking. The country climbed 79 positions in five years and was among the top 10 performers for the third year running.

Growth of India's GDP in FY 2019-20

	Q1, FY 2019-20	Q2, FY 2019-20	Q3, FY 2019-20	Q4, FY 2019-20
Real GDP growth (%)	5.2	4.4	4.1	3.1

(Source: Economic Times, CSO, Economic Survey, IMF, RBI, Franklin Templeton, PIB)

Global pharmaceutical industry overview

The global pharmaceutical market was estimated at ~USD 1,437.48 Billion in 2018, driven by an improvement of treatment concepts, the optimisation of medical measures, the acceleration of new drug access, improvement of medical service quality and the dynamic adjustment of medical insurance access.

The major developed markets would remain the dominant contributor; the emerging markets' overall contribution

to global sales growth was expected to rise to almost 35% in 2019. North America is expected to account for the leading market share (45.33%) in 2023, followed by Asia Pacific with a market share of 24.07%. Latin America and Middle East and Africa (MEA) are expected to remain at 7.53% and 2.96% in 2023.

This growth is driven by the growing and ageing population in key markets. Overall R&D spending is expected to

grow by 3% each year, reaching roughly USD 203.9 Billion by 2024. As per World Population Prospects by United Nations, the worldwide population is likely to cross 9.3 Billion by 2050 and around 21% of this population is expected to be aged 60 years and above.

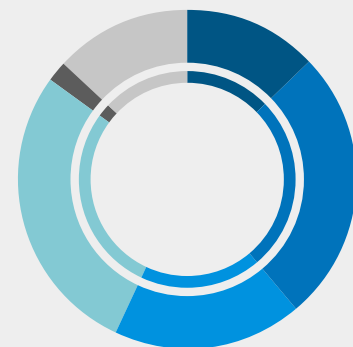
(Source: Asian Times, Global News wire)

Global API industry overview

Active Pharmaceutical Ingredients (APIs) are portions of drugs, which are biologically active in nature. The APIs have significant use in the manufacturing of effective and safe medicines. The global active pharmaceutical ingredient market stood at USD 182.2 Billion in 2019 on the back of an increasing incidence of chronic diseases coupled with a growing importance of generics and an increasing uptake of biopharmaceuticals. The API market is classified into two segments, namely prescription drugs and over-the-counter (OTC) drugs. According to the FDA, there are a total of 1,079 API facilities worldwide that make the 370 drugs on the WHO list, marketed across US. Of these 1079 facilities, 166 (15%) are in China, 221 (21%) are in the United States, and 687 (64%) are spread across rest of the world.

(Source: Markets and markets, FDA)

Percentage of API manufacturing facilities for all drugs by country or region, August 2019



■ China 13% ■ EU 26% ■ India 18%
■ USA 28% ■ Canada 2%
■ Rest of the World 13% (Source: Statista)

Global nutraceutical industry overview

Nutraceuticals are products that provide additional nutrition and health advantages to the human body. They contain fortified nutrients, such as CoQ10, taurine, omega-3, antioxidants, calcium and zinc, which improve the overall health of consumers. These nutrients also help in averting medical conditions like diabetes, hypertension, allergies and heart diseases.

The global nutraceuticals market was pegged at USD 285.2 Billion in 2019. Due to the prevalence of lifestyle diseases and the growing geriatric population, consumers across the globe are becoming

health-conscious, driving the consumption of nutraceuticals globally. They are now shifting from chemically-derived products to preventive healthcare items like nutraceuticals that contain safer, natural and healthier ingredients. While US, Europe and Japan account for over 90% of the total global nutraceutical market, India, China and other Southeast Asian countries are rising as new and emerging markets for nutraceuticals.

The nutraceuticals market is divided into functional food and beverages, dietary supplements and personal care

products. Functional food accounted for the largest share and generated revenue of USD 187.51 Billion in 2019. In terms of dietary supplement products, vitamins and minerals together accounted for more than 40.71% share in 2019, owing to increasing consumer interest in the relationship between diet and health, which, in turn, has increased the demand for these products.

(Source: IMARC, Grandview research)

Optimism for the global nutraceuticals market today

Affordability

The sharp increase in the cost of quality health care in the last couple of decades has widened the market for food supplements based on a growing recognition that a small cost today can potentially avert expensive medical treatment and possibly even treatment-related debt. In a country like India, where medical insurance is extensively under-penetrated, this can be the difference between financial well-being and ruin: out-of-pocket health expenditure constituted around 62% of the healthcare expenditure in India (11% in the US, 10% in the UK, 25% in Brazil and 32% in China). This high cost of medical intervention is inspiring preventive health action through health- and wellness-related products.

Awareness

Globally, there is an increasing awareness about food supplements and their benefits, largely influenced by the social media and internet. As a result, consumers are increasingly paying attention to the importance of nutrition in the prevention and treatment of diseases. In addition, health publications and fitness icons help to increase understanding and appeal to products that focus on natural health.

Accessibility

According to EY, almost 50% respondents in a survey indicated that they accessed the internet for health awareness while

70% indicated they were likely to use devices that connect to smartphones for managing health parameters. The growth of e-commerce is a game-changing industry for the nutrition and health industry, as the compound annual growth rate of the healthcare business has reached 87.4%. As the sale of e-commerce in India is expected to reach USD120 Billion by 2020, the nutraceuticals industry will gain huge profits. The result is that the Indian nutritional care segment is growing at a CAGR of 12% with a 27% share of the wellness industry.

Affluence

Food supplements were traditionally consumed by high-income groups but this has begun to change on account of increased purchasing power. The population of India between 15 to 59 years increased from 57% in 2001 to 60% in 2011 and is estimated at around 66% today. India's population growth is marked by growing disposable incomes, translating into a growing capacity to pay for food supplements.

Lifestyle

There is a greater consumption of food and beverages with high salt and sugar on the one hand and low micronutrient contents on the other, creating a widening market for food supplements. Sedentary lifestyle, coupled with poor dietary habits, increased the need for supplementation.

Insurance

The growing spread of insurance in India is expected to sustain the growth of the wellness sector.

Supply side

New players entering the market with innovative products are catalysing sectoral growth. A growth in the supply side (providers of packaged and branded food supplements) indicates a strengthening eco-system that could continue to sustain the demand of raw materials.

Attitudes

With increasing research on food science and nutrition, more doctors now recognise the role of nutrition in quality care, not only for treatment, but also for prevention, resulting in enhanced prescriptions.

Global enzymes market overview

The global enzymes market was valued at USD 9.9 Billion in 2019 on the back of increasing demand from end-use industries, such as food and beverage, biofuel, animal feed and home cleaning. Furthermore, the advancements in

enzyme engineering coupled with other technologies have led to the growth of the enzymes market. Moreover, increasing health awareness among consumers has resulted in the growing consumption of functional food products, which is expected to propel

product demand in the near future. North America accounted for the largest market share in the enzymes market. Technological advancements in this region have made enzymes available for a wide range of applications.
(Source: Grandview research)

Indian pharmaceutical market overview

The Indian pharmaceutical industry is the world's third-largest manufacturer of drugs by volume. The industry's journey to the annual revenues of ~USD 38 Billion is a culmination of the world-class capabilities in formulation development, the entrepreneurial ability of the firms and the vision of the industry to establish India's footprint in large

international markets such as the United States. The industry has played a key role in driving better health outcomes across the world through its affordable and high-quality generics drugs. Increased accessibility to affordable drugs has been one of the key enablers for lowering the disease burden in India. India is the world's largest supplier of generics, accounting for 20% of global exports. It supplies over 50% of global demand for various vaccines and 40%

of the demand for generic products in the US. The domestic pharmaceutical market contributes ~2% of the global industry in value and ~10% in volume terms. The Indian pharmaceutical industry is poised for growth and based on the 7-8% CAGR over the next decade, the industry's annual revenues is expected to grow to USD 80-90 Billion by 2030.
(Source: <https://www.ipa-india.org>)

Demand drivers

Rising population

India is the second-most populous country with a population of around 1.36 Billion in 2019 and growing at >1% per year, the largest population increment anywhere.

Increasing incomes

The nominal per-capita net national income during FY 2019-20 was estimated at ₹134,226, a rise of 6.1% compared to ₹126,521 during FY 2018-19. The affordability of drugs could rise due to sustained growth in disposable incomes and increases in insurance coverage.

Healthcare sector

India has only 0.8 doctors and 0.7 hospital beds for every 1,000 people, indicating headroom for growth. The hospital market size is expected to increase by USD 132 Billion by 2023 from USD 61.8 Billion in 2017.

Medical tourism

Superior quality healthcare coupled with low treatment costs compared to other countries is benefiting Indian medical

tourism, and, in turn, has enhanced prospects for the Indian healthcare market. Treatment for major surgeries in India costs approximately 20% of that in developed countries. Owing to this reason, the number of foreign patients increased from 75,688 in 2014 to 134,344 in 2015 to 201,333 in 2016, and skyrocketed to a staggering 495,000 in 2017.

Chronic diseases

The rising burden of chronic non-communicable diseases (NCD) that primarily includes cardiovascular diseases, cancer, chronic respiratory diseases and diabetes would drive the demand for innovative medical solutions. Almost 63% of all deaths in India can be attributed to these NCDs and 27% of all mortalities from non-communication illnesses can be attributed to cardiovascular diseases. The increasing 'cardiac crisis' in the country are due to five major factors: bad food habits (54.4%), hypertension (56.6%), air pollution (31%), high cholesterol (29.4%) and tobacco usage, smoking in particular (18.9%).

Ageing population

The share of elderly in India i.e., those aged 60 years and above, will continue to rise steadily to nearly double from 8.6% in 2011 to 16% by 2041. This will drive investments in health care.

Increasing penetration of health insurance

The gross healthcare insurance stood at 27.3% of overall gross direct premium income by non-life insurers segment in FY 2019-20. Health insurance is gaining momentum in India; gross direct premium income underwritten by health insurance grew 17.16% y-o-y to USD 7.39 Billion in FY 2019-20.

Policy support

Under AB-PMJAY, more than 10.74 Crore families benefitted through the health insurance scheme covering ₹5 Lakhs per family. The scheme enrolled 16,085 hospitals, including 8,059 private hospitals and 7,980 public hospitals.

FDI inflow

FDI inflow for drugs and pharmaceuticals sector stood at USD 16.39 Billion between April 2000 and December 2019. Inflows into sectors such as hospitals and diagnostic centres and medical appliances stood at USD 6.63 Billion and USD 1.88 Billion, respectively during the same period.

Growing R&D

Contract research is a fast-growing segment in the Indian healthcare industry. The cost of developing new drugs is as low as 60% of the testing cost in the US.

(Source: Invest India, IBEF, First spot, Economic Times, Live Mint)

Budgetary initiative

In Budget FY 2020-21 the Government allocated a total of ₹1,16,900 Crores to boost public healthcare, which includes the provision of ₹69,000 Crores for expanding PM's Jan Arogya Yojana (PMJAY), which is a 10% increase compared to the last year's healthcare budget of ₹62,659.12 Crores. The budgetary allocation of ₹35,600 Crores for the nutrition-related programme PM Poshan Abhiyan seems to be one of the most ambitious healthcare programmes, as the Government seems to have recognised the fact that the most people are facing healthcare challenges due to malnutrition.

Indian API industry overview

The majority of APIs for generic drug manufacturing across the globe are sourced from India, which also supplies approximately 30% of the generic APIs used in the US. The Indian government also plans to finance the construction of three bulk drug parks through an investment of ₹3000 Crores over the next five years. In addition, the government would create a production-linked incentive system for the promotion of domestic manufacturing of critical drug intermediaries and APIs.

(Source: europeanpharmaceuticalreview.com, the Print)

Indian nutraceutical industry overview

The Indian nutraceuticals market is expected to grow from USD 4 Billion in 2017 to USD 18 Billion in 2025, clocking a CAGR of 21% between 2018 and 2025. Among the other factors, propelling the demand for nutraceuticals in India, one of the major factors is the fact that 15% of the population is undernourished in the country, and the Government has

taken several measures to address this issue through various initiatives such as Integrated Child Development Services (ICDS), National Health Mission (NHM) and the mid-day meal scheme. According to a World Bank, India loses nearly USD 12 Billion in Gross Domestic Product (GDP) to malnourishment. However, interventions to alleviate the loss would cost ~USD 524 Million annually. This would render a benefit-to-cost ratio of almost 23 times. The focus towards preventive care has also been accentuated due to the increasing costs of healthcare: 62% of the healthcare costs incurred in India are out-of-pocket expenditures; 60% of medical prescriptions by doctors in India include supplements. (Source: Invest India)

Indian enzymes industry overview

The Indian enzymes market stood at ₹2360 Crores in FY 2018-19. The Indian manufacturers are not only supplying to domestic market but are also exporting to a number of countries. According to DGCI&S (Directorate General of Commercial Intelligence and Statistics) India exported worth ₹287 Crores in FY 2018-19 and ₹78.57 Crores in the first quarter of FY 2019-20. The USA, Germany, Japan, China, Malaysia and Denmark were the leading importers of Indian enzymes in FY 2018-19.

India's enzymes market is divided into industrial and specialty enzymes. The industrial segment is further categorised into food & beverages, detergent, animal feed, paper & pulp, textile and others. The specialty enzymes segment is categorised into pharmaceutical, research & biotechnology, diagnostics and biocatalysts. Among the two, the specialty enzymes segment has been dominating the market over the past few years.

The continuous innovations in research and development activities to increase the yield, improve enzyme specificity as well as stability, are expected to propel the growth of the market.

Wastewater management and treatment

India is the largest contributor to waste due to the immense size of its population: it accounts for 4% of the world's water resources but 16% of the world's population.

India is one of the world's most water-stressed countries, and with the country hurtling towards a water crisis, treated wastewater is being widely used a sustainable and cost-effective solution. India generates almost 62,000 Million litres of sewage per day in urban areas, of which only 37% of is treated, indicating a huge headroom of growth. Over the last two decades, there has been a four-fold increase in untreated waste water disposal, with 80% of waste water from human activities being discharged into waterways without pollution removal and per capital waste water generation being 121 litres per day. As a result, it has become imperative to introduce sewage treatment plants and proper waste management systems.

(Source: India Today, Times of India)

The Company's overview

Incorporated in 1951, Fermenta Biotech Limited has established a reputation in the areas of pharmaceuticals, enzyme technologies and environmental solutions. Fermenta 'thinks young' and 'moves with the times' on the one hand and effortlessly carries its decades of rich legacy on the other. During the year under review, the Company has merged with its parent

Company DIL Limited, enhancing shareholders value. The Company is engaged in the manufacture of Vitamin D3, other specialty APIs, biological enzymes and also offers integrated biotech-based environmental solutions. The Company also produces a range of variants: crystalline, oil, resin in oil, cold water dispersible and feed grade powder, which can be used in applications like pharmaceuticals, dietary and nutritional supplements, feed premixes, as well as food and beverage fortifications and rodenticides. The Company's quality and service capability is validated by its sales

footprint in over 50 countries in addition to being a dependable supplier to more than 300 global customers.

Fermenta understands the importance of its products and services in the sectors of health and hygiene, which positively improves the lives of end consumers across the world. Fermenta endeavours to provide customers (and end consumers) safe and sustainable products.

Real estate

The real estate vertical contributed 6% of the total revenue of the Company in FY 2019-20. The Company licensed office

spaces on leave and license basis at Mumbai and Thane on fixed term contracts with provisions for incremental license fees. The Company enjoys 100% occupancy in these properties. The revenue generated from real estate helps the Company service the real estate debt. Given the strength of our brand and quality of services, the Company enjoys good occupancy in its properties and expects high renewals of licensed contracts.

Financial overview

Analysis of the profit and loss statement

- Revenue: Revenues from operations reported a 27.61 % decline from ₹404.67 Crores in FY 2018-19 to reach ₹292.95 Crores in FY 2019-20. Other incomes of the Company accounted for a 4.04 % share of the Company's revenues reflecting the Company's dependence on its core business operations.
- Expense: Total expenses of the Company decreased by 9.18 % from ₹288.83 Crores in FY 2018-19 to ₹261.85 Crores. Raw material costs, accounting for 27% share of the Company's revenues increased from 23% in FY 2018-19, owing to a decrease in the animal feed sales realisations while volumes remained consistent. Employee expenses, accounting for a 17% share of the Company's revenues, decreased from ₹53.18 Crores in FY 2018-19 to ₹50.03 Crores in FY 2019-20.

Analysis of the Balance Sheet

Sources of funds

- The capital employed by the Company increased by 23.50 % from ₹250.56 Crores as on March 31, 2019 to ₹309.44 Crores as on March 31, 2020. Return on capital employed, a measurement of returns derived from every rupee invested in the business decreased from 51% in FY 2018-19 to 14% in FY 2019-20 due to a lower turnover driven by lower animal feed realisations.
- The net worth of the Company increased by 23.50 % from ₹250.56 Crores as on March 31, 2019 to ₹309.44 Crores as on March 31, 2020 owing to increase

in reserves and surpluses. The Company's equity share capital stood at 2,88,47,322 equity shares of ₹5 each as on March 31, 2020 as compared to 91,72,792 equity shares of ₹5 each as on March 31, 2019.

- Long-term debt of the Company decreased by 24.72 % to ₹101.78 Crores as on March 31, 2020 owing to repayments from internal accruals. Net debt-equity ratio of the Company stood at 0.56 in FY 2019-20 compared to 0.42 in FY 2018-19.
- Finance costs of the Company decreased by 7.32% from ₹20.65 Crores in FY 2018-19 to ₹19.14 Crores in FY 2019-20 following the repayment of liabilities. The Company's interest cover stood at a comfortable 4.05 in FY 2019-20.

Applications of funds

- Fixed assets (gross) including Capital Work in Progress of the Company increased by 26.61% from ₹237.85 Crores as on March 31, 2019 to ₹301.14 Crores as on March 31, 2020 owing to an increase in building, plant and machinery and utilities for the backward integration project. Depreciation on tangible assets increased by 26.18 % from ₹11.89 Crores in FY 2018-19 to ₹15.00 Crores in FY 2019-20 owing to an increase in fixed assets during the year under review.

Company

Working capital management

- Current assets of the Company decreased by 4.08 % from ₹295.61 Crores as on March 31, 2019 to ₹284.01 Crores as on March 31, 2020 owing to a reduction in sales. The Current and Quick ratios of the Company stood at 1.46 and 0.80,

respectively in FY 2019-20 compared to 1.90 and 1.33, respectively in FY 2018-19.

- Inventories including raw materials, work-in-progress and finished goods among others increased by 46.68 % from ₹87.66 Crores as on March 31, 2019 to ₹128.58 Crores as on March 31, 2020 owing to backward integration, opening of the manufacturing process in German subsidiary and the restriction on the movement of sales in the last week of March due to COVID-19.
- Due to slow collections in March 2020 due to the COVID-19 pandemic there was an increase of 6.45% in trade receivables from ₹65.54 Crores as on March 31, 2019 to ₹69.77 Crores as on March 31, 2020. More than 95% of the receivables were secure and considered good. The debtors' turnover cycle increased from 56.12 days in FY 2018-19 to 86.94 days in FY 2019-20, largely due to collections being hampered in March 2020 due to COVID-19.
- Cash and bank balances of the Company decreased from ₹91.13 Crores as on March 31, 2019 to ₹33.11 Crores as on March 31, 2020, largely due to the repayment of the long term loan to the tune of around ₹60 Crores. There were also capex investments in the backward integration and the opening of the subsidiary in Germany which contributed to depletion of cash reserves.

Key numbers

Particulars	FY 2018-19	FY 2019-20
EBIDTA/Revenue (%)	39.85%	26.48%
EBIDTA/Net interest ratio	7.81	4.05
Net Debt-equity ratio	0.42	0.56
Return on equity (%)	51%	14%
Book value per share (₹)	273.16	107.27*
Earnings per share (₹)	40.72	20.63*
Debtors' Turnover (days)	56.12	86.94
Interest Coverage Ratio (x)	7.81	4.05
Current Ratio (x)	1.90	1.46
EBDITA Margin (%)	39.85	26.48
Net Profit Margin (%)	31.81	14.82

* In February 2020, the Company issued bonus shares in the proportion of 2:1.

Risk management

Risk	Mitigation
<p>COVID-19 WHO declared COVID-19 as a global pandemic in March 2020. The lockdown and restrictions imposed on various activities due to COVID-19 pandemic posed challenges to the economy.</p>	<p>In compliance with the directions issued by the Government of India, the Company suspended operations at two manufacturing locations in Dahej and Kullu with effect from March 25, 2020. However the Company resumed its operations from April 03, 2020 in Kullu and from April 04, 2020 in Dahej. Being into Vitamin D, a nutraceutical and considered by various reports to be one of the vital vitamins to boost immunity in the fight against COVID-19, the Company did not experience a negative impact on its human Vitamin D3 business.</p>
<p>Geographical risk The Company's dependence on a particular region could hamper growth.</p>	<p>The Company enjoys a strong presence across 50 countries with a major share of revenues derived from European and USA markets accounting for 45% of Vitamin D3 revenues in FY 2019-20.</p>
<p>Finance risk Low availability of long-term funding at a competitive cost</p>	<p>The cash balance of the Company stood at ₹33.11 Crores for FY 2019-20. During the year under review, the Company repaid high interest-bearing long-term debt of around ₹60 Crores. The debt taken on the real estate business was serviced completely by rental income. A majority of the debt for the pharmaceutical business was in foreign currency and at below 5% p.a. net interest rate.</p>
<p>Regulatory risk Changes in the regulatory environment could lead to operational disruption</p>	<p>The Company is regularly honing the skills of its employees in line with regulatory developments to ensure a conformance with relevant guidelines across its plants.</p>

Risk	Mitigation
<p>Competition risk Increased competition could dent profitability.</p>	<p>The Company largely operates in the regulated markets which have high entry barriers. Moreover, its products are competitively priced because of its ability to effectively optimise costs, resulting in the creation of a protective moat.</p>
<p>Innovation risk The products may lose relevance in the market.</p>	<p>Over the years, the Company has been prudently investing in a state-of-the-art R&D centre, enabling it to provide a strong and relevant pipeline for scheduled launches.</p>
<p>Foreign exchange fluctuation risk Currency volatility could significantly impact the profitability of the Company.</p>	<p>Since around 80% of the revenues are earned in foreign currency and a majority of the debt for pharmaceutical business is in foreign currency, the Company enjoys a natural hedge to a large extent.</p>
<p>Environment risk The risk of causing harm to the environment and not being in compliance with the environmental norms.</p>	<p>The Company continuously monitors regulatory changes to ensure compliance with all applicable regulations. Further, the Company plans to proactively upgrade technology and equipment, continue conducting training programs on environment-related subjects and keep providing preliminary education on operations with high environmental impacts, such as the management of waste materials and the handling of chemical substances.</p>

Human resources

Fermenta believes that its competitive advantage lies within its people and the human capital is the Company's biggest asset. The Company's people bring to the stage a multi-sectoral experience, technological experience and domain knowledge. The Company's HR culture is rooted in its ability to subvert age-old norms in a bid to enhance competitiveness. The Company always takes decisions which are in alignment with the professional and personal goals of employees, thereby achieving an ideal work-life balance and enhancing pride association. The employee count stood at 524 as on March 31, 2020.

Internal control systems and their adequacy

The internal control and risk management system is structured and applied in accordance with the principles and criteria established in the corporate governance code of the organisation. It is an integral part of the general organisational structure of the Company and involves a range of personnel who act in a coordinated manner while executing their respective responsibilities. The Board of Directors offers its guidance and strategic supervision to the Executive Directors and management, monitoring and support committees. The control and risk committee and the head of the audit department work under the supervision of the Board-appointed Statutory Auditors. The system is under constant review by the Chairman, Managing Director, COO, CFO and a few others, which ensures any discrepancies are immediately noted and suitable action can be taken in case of any lapses.

Cautionary statement

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. Actual result could differ materially from those expressed in the statement or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments.

REPORT OF THE BOARD OF DIRECTORS

Dear members

Your Directors are pleased to present the 68th Annual Report along with the Audited financial statements for the financial year ended March 31, 2020.

FINANCIAL HIGHLIGHTS (AS PER IND-AS)

(₹ in Lakhs)

	Standalone results		Consolidated results	
	2019-20	2018-19	2019-20	2018-19
Total Revenue	31,281.97	41,701.28	30,527.22	41,703.56
Total Expenditure	26,527.31	29,589.25	26,185.21	28,832.95
Profit before tax ('PBT')	4,754.66	12,112.03	4,342.01	12,870.61
Less: Provision for tax (including deferred tax)	(1,612.37)	1,076.74	(1,610.01)	1,080.35
Profit after tax ('PAT')	6,367.04	11,035.29	5,952.02	11,790.26
Non-Controlling interest	-	-	(0.58)	2.16
Share of interest in profit/(loss) of associates	-	-	-	(42.78)
Profit for the year	6,367.04	11,035.29	5,952.60	11,745.32
Proposed Dividend	NIL	(114.66)	NIL	(114.66)
Dividend Distribution Tax	NIL	(23.34)	NIL	(23.34)
Balance in Statement of Profit and Loss account	6,367.04	10,897.29	5,952.60	11,607.32

RESULTS FROM OPERATIONS

In financial year 2019-20 ('FY 2019-20'), the Company on a Standalone basis earned revenue of ₹31,281.97 Lakhs, compared to ₹41,701.28 Lakhs in the previous financial year 2018-19 ('FY 2018-19'). In 2019-20, the Company reported profits of ₹6,367.04 Lakhs as against profits of ₹11,035.29 Lakhs in FY 2018-19.

On a consolidated basis, the Company recorded revenue of ₹30,527.22 Lakhs, compared to ₹41,703.56 Lakhs in the previous financial year 2018-19 ('FY 2018-19'). In FY 2019-20, the Company recorded profits of ₹5,952.02 Lakhs as against profits of ₹11,745.32 Lakhs in FY 2018-19.

DIVIDEND

During the year under review, the Company had declared and paid an interim dividend of ₹5 per equity share (100%) of ₹5 each for the financial year 2019-20.

The amount of interim dividend and tax thereon aggregated to ₹581.59 crore. The Board recommends the above interim dividend for confirmation of members at the 68th annual general Meeting ('AGM') and considers the same as final dividend for the financial year ended March 31, 2020.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for FY 2019-20 include financials of its subsidiaries and associate companies (collectively referred as 'Subsidiaries/ Associates') i.e. Fermenta Biotech (UK) Limited, Fermenta Biotech GmbH, G.I. Biotech Private Limited, Aegean Properties Limited, CC Square Films Limited (Subsidiaries) and Health and Wellness India Private Limited (associate company). The consolidated financial statements of the Company and its Subsidiaries/ Associates are prepared in accordance with the relevant Indian Accounting Standards (Ind AS) notified under the Company (Indian Accounting Standards) rules, 2015 and other applicable provisions and shall form part of this Annual Report.

MERGER AND ITS CONSEQUENT CHANGES

Merger Order:

The National Company Law Tribunal, Mumbai Bench ('NCLT') vide its order dated September 19, 2019, approved the merger of erstwhile Fermenta Biotech Limited ('Transferor company') with DIL Limited ('Transferee company'/'Company'), along with the Scheme of Amalgamation. The effective date for the said merger of the Transferor company and Transferee company was September 26, 2019 ('Effective Date').

Post-merger:

- (a) The Company's Authorised Share Capital is ₹25,00,00,000 (Rupees Twenty Five Crores) divided into 4,98,40,000 equity shares of ₹5/- each, and 1,60,000 Unclassified shares of ₹5/- each;
- (b) The Company's name has been changed from DIL Limited to Fermenta Biotech Limited as per the certificate of incorporation pursuant to name change dated October 17, 2019 issued by the Registrar of Companies, Mumbai, Ministry of Corporate Affairs.
- (c) The Company issued and allotted 6,37,537 equity shares of face value of ₹5/- each, fully paid-up, to the members of the Transferor company, whose names were registered as members in the Members' Register of the Transferor company as on the Record Date i.e. of October 10, 2019, fixed for the issue of the Transferee company's shares to the members of the Transferor company, in accordance with the exchange ratio as approved in the NCLT order along with the terms of the Scheme of Amalgamation.
- (d) The Company's business of renting of properties and the Transferor company' business, mainly pharmaceuticals, manufacturing and marketing APIs, biotechnology and environmental solutions, have been combined.

Bonus issue and Share capital:

- (a) During the year under review, the Company issued 1,96,20,658 equity shares of ₹5/- each as fully paid-up bonus equity shares, in the proportion of 2:1 i.e. 2 (Two) new fully paid-up equity shares of ₹5/- (Rupees Five only) each for every 1 (One) existing fully paid-up equity share of ₹5/- (Rupees Five only) each to members whose names appeared in the Register of Members / List of Beneficial Owners as on the Record Date i.e. February 14, 2020 fixed for this purpose.
- (b) Post-merger and issue of bonus shares, the paid-up share capital of the Company is ₹14,71,54,935 (Rupees Fourteen Crores Seventy One Lakhs Fifty Four Thousand Nine Hundred and Thirty Five only) divided into 2,94,30,987 equity shares of ₹5/- each.

CHANGE OF REGISTERED OFFICE ADDRESS

The registered office of the Company has been changed from 'A -1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade,

Thane (West) 400 610, Maharashtra, India' to 'A -1501, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) 400 610, Maharashtra, India', with effect from September 26, 2019.

SUBSIDIARY COMPANIES

On September 5, 2019, the Company's subsidiary viz. Fermenta Biotech GmbH was incorporated in Germany.

The individual financial statements of the Company's Subsidiaries/ Associates have not been attached to the financial statements of the Company for FY 2019-20. The financial information of the Company's Subsidiaries/ Associates provided in this section may be read along with the information provided under the heading 'Consolidated Financial Statements' in this report. In accordance with the provisions of section 129 (3) of the Act, read with Rule 5 and Rule 8 of the Companies (Accounts) Rules, 2014 [as amended from time to time], a separate statement containing salient features of the financial statements of Company's Subsidiaries/ Associates in Form AOC I is attached to this Board's report as Annexure II and forms part of this Board's report.

The financial statements of the Company's Subsidiaries/ Associates shall be available for inspection through electronic mode. Members are requested to write to the Company at info@fermentabiotech.com for inspection of said documents.

The standalone and consolidated financial statements of the Company, have been uploaded on the website of the Company at <https://www.fermentabiotech.com/annual-report.php>

The Company has incorporated a wholly-owned subsidiary in the United States of America viz. Fermenta Biotech USA LLC on May 27, 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The Company is engaged in pharmaceuticals, manufacturing and marketing APIs, biotechnology and environmental solutions and renting of properties. MD&A covering details of the business of the Company is provided on page 60 and forms part of this Board's Report.

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company's internal control systems are commensurate with the nature of its business, the size and complexity of its operations. In compliance with applicable laws, the Company has designed, developed and implemented risk management policy and maintains adequate internal control system in order to identify, analyse and address potent risks in a systematic manner on concurrent basis to mitigate such risks.

The Company's internal control systems are regularly verified by Statutory Auditors and Internal Auditors. During the year under review, the Company's Internal Auditors, M. M. Nissim & Co., Chartered Accountants, conducted and reported the effectiveness and efficiency of internal control system including adherence to procedures as per the policies of the Company.

The Company has an experienced and qualified finance department which plays an important role in implementing and monitoring the internal control procedures and compliance with statutory requirements. The Audit Committee and the Board of Directors review the report(s) of the independent Internal Auditors at regular intervals along with the adequacy, effectiveness and observations of the Internal Auditors regarding internal control system and recommends improvements and remedial measures, wherever necessary.

HUMAN RESOURCES

The information required under rule 5(1) and rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Section 197 (12) of the Act in respect of employee remuneration and other details forms part of this report and provided as Annexure IV. Other applicable information for the above provisions will be made available to the members upon their request.

The Company had a headcount of 524 employees during the year under review. After the Effective Date of the said merger, the employment services of all the employees of Transferor company were transferred to the Company as per the terms of the NCLT order and the approved Scheme of Amalgamation. The Company has cordial relation with its employees at all locations.

EMPLOYEE STOCK OPTIONS

During FY 2019-20, the Company has adopted Old FBL's employee stock option plan as the Company's new 'Fermenta Biotech Limited -Employee Stock Option Plan 2019' ("ESOP 2019") in view of NCLT directives vide order sanctioning the Scheme of Amalgamation, and approved increase in the limit for grant of upto 1,94,555 options (revised to 5,83,665 options pursuant to the approval of issue of bonus shares by members in the ratio of 2:1, in accordance with clause 3.6, 12.3 and other applicable provisions of ESOP 2019) (corresponding to equity share of face value of ₹5 each) under ESOP 2019. Members of the Company vide postal ballot including e-voting has approved ESOP 2019 on January 28, 2020.

During the FY 2019-20, the number of options granted to the employees of the Company post-merger (September 26, 2019) and post bonus issue (February 14, 2020) was 4,27,647.

Disclosures pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI Circular dated June 16, 2015 are provided as at the Company's website at https://fermentabiotech.com/investor_relations.php

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company is committed to providing a safe and conducive work environment to all its employees and associates.

In accordance with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder ('POSH'), the Company

has formulated a code on 'Redressal of Grievances Regarding Sexual Harassment'. The Company has set up, 'Internal Complaints Committee' for Company's each location for redressal of grievances and to protect women against any harassment.

During the year under review, no complaint was received in the Company.

INFORMATION TECHNOLOGY

Information Technology (IT) acted as an enabler of productivity by implementing sophisticated application environments (e.g. SAP HANA, ITSM Platform for ERP). Your Company will continue to invest in upgradation of Cloud based CRM and HRIS Platform.

Your Company's IT Team manages Company's operations with state-of-the-art technology and has been incorporating new technologies into the system. In addition, mobility solution and support has played a key role in achieving improved deliverables, specifically in the COVID situation when the nationwide lockdown was imposed.

Annual Application & Control Audits are undertaken to ensure consistent remediation of any business and process risks. In addition to that, your company did few investments in technology to cater to the sudden disruption caused by COVID-19. Moving to Work from Home mode in the nationwide lockdown situation was an easy affair with respect to IT infrastructure. To enhance the security, add on cybersecurity controls and 24x7 monitoring mechanisms were implemented over and above the existing infrastructure built over a period. This enabled the Company to execute business as usual in unusual times. Adequate training was provided to employees to enable them to handle such enhanced applications.

Your Company continues to drive excellence through a strong focus on managing the details, and a culture ingrained with continuous improvements.

DEPOSITS

In FY 2019-20, your Company has not accepted any deposits under Section 73 of the Act including rules framed thereunder, and no principal or interest remains unpaid or unclaimed as on March 31, 2020.

CREDIT RATING

Post-Merger of the Transferor company with the Transferee company, during the FY 2019-20, CARE Ratings Ltd. has maintained the credit rating as assigned to the Transferor company. The rating on Long Term Bank Facilities for fund based limits and term loan has been maintained at CARE A- (Single A minus) with Stable outlook and credit rating on Short Term Bank Facilities for non-fund based limits has been maintained at CARE A2 (Single A two).

DIRECTORS

Independent Directors:

Independent Directors have made relevant declarations to

the Company including confirmation that the conditions of independence laid down in sub section 6 of section 149 of the Act and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") are duly complied.

The Ministry of Corporate Affairs ('MCA') vide Notification No. G.S.R. 804(E) dated October 22, 2019 and effective from December 01, 2019 has introduced the provision relating to inclusion of names of Independent Directors in the Data Bank maintained by Indian Institute of Corporate Affairs ('IICA') All the Independent Directors have registered themselves through www.independentdirectorsdatabank.in with the Indian Institute of Corporate Affairs as required by the Companies Act, 2013.

In the opinion of the Board, all Independent Directors possess necessary integrity, expertise and experience. Pursuant to the provisions of Companies (Appointment and Qualifications of Directors) Rules, 2014, the requirement of passing the online proficiency self-assessment test is not applicable in case of Mr. Sanjay Buch, Mr. Vinayak Hajare and Dr. Gopakumar Nair, Independent Directors of the Company.

Retirement by rotation:

Ms. Rajeshwari Datla (DIN: 00046864) retires by rotation at the 68th AGM and being eligible, offers herself for re-appointment. Brief profile of Ms. Rajeshwari Datla is provided on page no. 247 of this Annual Report.

Directors, and Key Managerial Personnel ('KMP'):

The Board, subject to members' approval at the ensuing AGM, has appointed:

- (a) Ms. Rajashri Santosh Kumar Ojha (DIN: 07058128) as an Additional (Independent) Director with effect from April 1, 2020.
- (b) Ms. Anupama Datla Desai (DIN: 00217027), as an Additional Director, and as an Executive Director of the Company for a period of three years effective from September 27, 2019;
- (c) Mr. Satish Varma (DIN: 00003255), as an Executive Director of the Company for a period of three years effective from September 27, 2019;

During the year under review, the Board appointed Mr. Prashant Nagre as Chief Executive Officer (KMP) of the Company with effect from September 27, 2019.

Apart from above, no Director or KMP has resigned or was appointed during the year under review.

ANNUAL PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Details of the annual performance evaluation have been provided in the Corporate Governance Report attached as Annexure III to this Board's report.

AUDITORS

Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No: 117366W/W- 100018) have been appointed as Statutory Auditors of the Company, as per the members' approval at the 66th AGM dated September 28, 2018, to hold office from the conclusion of 66th AGM until the conclusion of 70th AGM of the Company.

The Statement on Impact of Audit Qualifications as stipulated in regulation 33(3)(d) including the qualification(s) made by the Auditors in their report for the FY 2019-20 and the explanation(s) of the Board thereof is stated in page no. 83 of the Corporate Governance Report, in terms of Section 134 of the Act and regulation 34 of Listing Regulations.

SECRETARIAL AUDIT REPORTS AND CERTIFICATE

Mr. V. N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries ('Secretarial Auditor'), was appointed to conduct the Secretarial Audit of the Company for FY 2019-20 as per the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and regulation 24A of Listing Regulations read with the Securities and Exchange Board of India ('SEBI') Circular CIR/CFD/CMD1/27/2019 dated February 08, 2019.

The Secretarial Auditor has submitted: (a) an unqualified Secretarial Audit report; and (b) a certificate confirming that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by SEBI/Ministry of Corporate Affairs or any other statutory authority, which are annexed to this Board's report as Annexure V and Annexure VI and forms part of this Board's report.

The Secretarial Compliance Report for FY 2019-20 is being filed with the BSE Limited within the stipulated time period in terms of the said circular.

COST AUDITORS

On the recommendation of the Audit Committee, the Board of Directors appointed D. C. Dave & Co., Cost Accountants (Firm Registration No. 000611), as the Cost Auditor of the Company for the financial year ending March 31, 2021 to conduct the cost audit (including cost auditing standards) in respect of applicable products manufactured by the Company.

Pursuant to the provisions of sub-section 3 of Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014 (as amended from time to time), ratification of Members is sought for payment of remuneration to the Cost Auditor, as mentioned the relevant resolution of the Notice of 68th AGM of the Company.

The Cost Audit report for the FY 2018-19 was filed with Ministry of Corporate Affairs (MCA) within the due date.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of sub-section 5 of Section 134 of the Act,

with respect to Directors' Responsibility Statement for the year under review, it is hereby confirmed that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

Extract of the annual return for FY 2019-20 in form MGT-9 forms part of this Board's Report as Annexure I and is available on the Company's website at <https://fermentabiotech.com/annual-returns.php>.

CODE FOR PREVENTION OF INSIDER TRADING

Policies and codes adopted by the Company pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, are displayed on the Company's website at <https://fermentabiotech.com/policies.php>

NOMINATION AND REMUNERATION POLICY

Pursuant to Section 178(4) of the Act, the Nomination and Remuneration Policy ('Remuneration Policy') of the Company, including changes therein, if any, is available on Company's website at <https://fermentabiotech.com/policies.php>. The salient features of the Nomination and Remuneration Policy, inter alia, are: (a) Objectives, (b) Matters to be recommended by the Committee to the Board, (c) Criteria for appointment of Director / KMP / Senior management, (d) Additional Criteria for Appointment of Independent Directors, (e) Appointment and Remuneration of Directors, (f) Policy on Board Diversity, (g) Appointment and Remuneration of KMP / Senior management and other employees of the Company, (h) Criteria for Evaluation of Independent Director and the Board, (i) Removal, (j) Succession planning for appointment

to the Board of Directors and Senior Management, (k) Directors' and Officers' (D & O) Liability Insurance.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of any loans or guarantees provided or investments made by the Company covered under the provisions of Section 186 of the Act during FY 2019-20 are as provided in the financial statements.

RELATED PARTY TRANSACTIONS

All related party transactions entered into during FY 2019-20 were on an arm's length basis and in the ordinary course of business. During FY 2019-20, the Company has not entered into any material related party transaction. In view of this, disclosure in form AOC-2 is not applicable. The brief details of the Company's policy on dealing with Related Party transactions (RPT Policy) are covered in Corporate Governance report. The RPT policy is available on Company's website at <https://fermentabiotech.com/policies.php>

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as per Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 (as amended from time to time) forms part of this report and is given in Annexure VII to this report.

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34 read with Schedule V of SEBI Listing Regulations, the Corporate Governance Report along with the Corporate Governance Certificate issued by Mr V. N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, for the financial year 2019-20 is provided as Annexure III and forms part of this Report.

Details of number of Board meetings, composition of the Audit Committee and establishment of Vigil Mechanism as required under the Act are provided in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Based on CSR Committee's recommendations, the Board approved the Corporate Social Responsibility Policy ('CSR Policy') indicating the CSR activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

Annual report on CSR activities of the Company for FY 2019-20 including composition of the CSR Committee is provided in Annexure VIII to this Board's report and forms part of this Board's report.

BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report, as required under Regulation 34 of Listing Regulations forms part of this Report and attached as Annexure IX.

IMPACT OF COVID 19

In compliance with the directions issued by the Government, the Company implemented various measures which *inter alia* include:

- (a) Company suspended operations at all of its manufacturing locations in Dahej, Gujarat and Kullu, Himachal Pradesh with effect from 25th March 2020 to ensure the safety of its employees and their families and to contain the spread of COVID-19. After necessary approvals, operations were partially resumed at Kullu plant w.e.f. April 3, 2020 and at Dahej plant w.e.f. April 4, 2020. The Company has taken all requisite precautions and is adhering to complete safety measures to ensure the safety and wellbeing of its employees and other stakeholders at the manufacturing units to help fight the spread of COVID-19.
- (b) Company provided work from home facility for its employees at its head office in Thane; and at its R&D lab at Wagle Estate, Thane ('R&D lab'), since March 16, 2020. With effect from May 16, 2020, the permitted percentage of employees at R&D lab attended office on rotation basis, in strict compliance with the required precautions.

- (c) The Company's intimation to BSE regarding impact of Covid 19 is available at www.bseindia.com and also on the Company's website at <https://fermentabiotech.com/stock-exchange-intimation.php>

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There was no significant and material order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations during FY 2019-20.

SECRETARIAL STANDARDS

During FY 2019-20, the Company has complied with the provisions of applicable Secretarial Standards issued by the Council of the Institute of Company Secretaries of India and approved by the Central Government.

DETAILS OF SHARES IN DEMATERIALISATION (DEMAT) SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

Pursuant to Regulation 34 read with Schedule V of SEBI Listing Regulations, the details of the shares in the Dematerialization Suspense Account/ Unclaimed Suspense Account are as follows:

Aggregate number of shareholders and the outstanding shares in the Suspense Account lying at the beginning of the year (01.04.2019)	Number of shareholders who approached the Company for transfer of shares from Suspense Account during the year	Number of shareholders to whom shares were transferred from Suspense Account during the year	Aggregate number of shareholders and the outstanding shares in the Suspense Account lying at the end of the year (31.03.2020)	That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.
255 number of shareholders and 43,928 Equity Shares of ₹5 each	5	NIL	292 number of shareholders and 1,38,018* Equity Shares of ₹5 each	1,38,018* Equity Shares

*During February 2020, the Company declared bonus issue of shares in the proportion of 2:1

ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation to the employees of the Company at all levels, members, bankers, financial institutions, regulatory bodies and other business associates for their support during the year under review.

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions and/or in this report may be 'forward-looking statements' within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed in the statements.

August 28 2020, Thane

Registered Office:
A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.

Annexure I

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2020

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

Vide MCA notification dated August 28, 2020, a company shall not be required to attach the extract of the annual return with the Board's report in Form No. MGT.9, in case the web link of such annual return has been disclosed in the Board's report in accordance with sub-section (3) of section 92 of the Companies Act, 2013.

Accordingly, the extract of the Annual Return pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is available at the Company's website at <https://fermentabiotech.com/annual-returns.php>

Annexure II

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture entities

Part "A": Subsidiaries

Sl. No.	Particulars	(₹ In Lakhs)				
1.	Name of the subsidiary:	Fermenta Biotech GmbH	Aegean Properties Limited	CC Square Films Limited	G I Biotech Private Limited	Fermenta Biotech (UK) Limited
2.	The date since when subsidiary was acquired	05.09.2019	01.02.2002	10.01.2011	25.08.2004	10.09.2002
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-	-	-	-	-
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Euro € (Exchange Rate: 1 Euro = 83.04 INR for Assets, 83.21 INR for Liabilities, and 1 Euro = 79.72 INR for Profit and Loss account as on 31.03.2020)	INR	INR	INR	Pound Sterling £ (Exchange Rate: 1 GBP = 93.07 INR for Assets, 93.26 INR for Liabilities, and 1 GBP = 92.57 INR for Profit and Loss account as on 31.03.2020)
5.	Share capital	19.33	30.00	5.00	1.00	183.59
6.	Reserves & surplus	(232.17)	101.22	(5.00)	2.39	(148.43)
7.	Total assets	2290.32	142.52	-	3.89	37.66
8.	Total Liabilities	2503.17	11.30	-	0.50	2.50
9.	Investments	-	-	-	-	-
10.	Turnover	84.62	18.00	0.02	-	1.09
11.	Profit before taxation	(223.85)	9.80	(0.002)	(1.10)	(0.18)
12.	Provision for taxation	-	2.47	-	(0.10)	-
13.	Profit after taxation	(223.85)	7.33	(0.002)	(1.00)	(0.18)
14.	Proposed Dividend	-	-	-	-	-
15.	% of shareholding	100%	100%	100%	62.50%	100%

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates	Health and Wellness India Private Ltd.
Name of Joint Ventures	-
1. Latest audited Balance Sheet Date	31.03.2020
2. Date on which the Associate or Joint Venture was associated or acquired	02.02.2011
3. Shares of Associate/Joint Ventures held by the company on the year end	
Number	30,12,504 Equity Shares
Amount of Investment in Associates/Joint Venture (₹ In Lakhs)	475.00
Extent of Holding %	47.15%
4. Description of how there is significant influence	-
5. Reason why the associate/joint venture is not consolidated	Being an Associate, share of Profit and loss is consolidated
6. Net worth attributable to Shareholding as per latest audited Balance Sheet	-
7. Profit / Loss for the year (₹ In Lakhs)	-
Considered in Consolidation (₹ In Lakhs)	-
Not considered in Consolidation (₹ In Lakhs)	-

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

August 28 2020, Thane

Registered Office:
A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.

Annexure III

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company firmly believes that corporate governance is a key element in improving efficiency and growth as well as enhancing investors' confidence. The Company constantly strives towards betterment of aspects such as transparency, professionalism and accountability and thereby perpetuate it into generating long term economic value for its shareholders, customers, employees, other associated persons and the society at large. The Company is committed to good corporate governance in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Board of Directors of your Company reviews corporate governance norms from time to time and recommends implementation thereof.

BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of executive and non-executive Directors as stipulated under Regulation 17 of the Listing Regulations. The Chairman of the Board is an Independent Director. The Board of Directors confirm that the Independent Directors fulfill the conditions specified in terms of Schedule V of Regulation 34(3) of the Listing Regulations. The composition of the Board as on March 31, 2020 is as follows:

Name of Director	Category	Directorships in all other companies	Chairmanship in other Committees in all other companies	Membership in other Committees in all other companies	Name of other Listed entities in which the Director holds Directorship and the Category of such Directorship
Mr. Sanjay Buch (DIN: 00391436)	Chairman (Independent Director)	5	NIL	NIL	NIL
Ms. Rajeshwari Datla* (DIN: 00046864)	Non Executive Director	2	NIL	NIL	NIL
Mr. Vinayak Hajare (DIN: 00004635)	Independent Director	7	NIL	NIL	NIL
Mr. Krishna Datla * (DIN: 00003247)	Managing Director	5	NIL	NIL	NIL
Mr. Satish Varma (DIN: 00003255)	Executive Director (w.e.f. September 27, 2019)	4	NIL	NIL	NIL
Dr. Gopakumar Nair (DIN: 00092637)	Independent Director	2	2	2	Sequent Scientific Limited (Chairman, (Independent Director)
Ms. Anupama Datla Desai* (DIN: 00217027)	Executive Director (w.e.f. September 27, 2019)	2	NIL	NIL	NIL
Ms. Rajashri Ojha (DIN: 07058128)**	Additional (Independent) Director	1	NIL	NIL	NIL

None of the Directors hold office of directorship in any other listed entities.

* Mr. Krishna Datla is one of the Promoters of the Company. Ms. Rajeshwari Datla and Ms. Anupama Datla Desai are relatives of Mr. Krishna Datla as per the provisions of Section 2(77) of the Companies Act, 2013.

** Appointed w.e.f. April 1, 2020.

Following are the core competencies of the Board members as identified and available to the Company for its effective functioning in terms of Schedule V of Regulation 34(3) of the Listing Regulations:

Names	Core Competencies
Mr. Sanjay Buch	Corporate and business laws, mergers and acquisitions
Ms. Rajeshwari Datla	Pharmaceuticals
Dr. Gopakumar Nair	Pharmaceutical industry, mediation and arbitration as well as in licensing and technology transfer
Mr. Vinayak Hajare	Investment Banking and Corporate Finance
Mr. Krishna Datla	Pharmaceuticals and Real Estate
Mr. Satish Varma	Pharmaceuticals and Real Estate
Ms. Anupama Datla Desai	Pharmaceuticals
Ms. Rajashri Ojha#	Pharmaceuticals, Nutra industry in R&D analytical development, regulatory & QA compliance and Global registrations

Appointed w.e.f. April 1, 2020.

The number of directors who have the core competencies is 8, as on the date of the report.

Brief profile of Directors being reappointed, as required under regulation 26(4), 36(3) of the Listing Regulations and secretarial standard on general meetings specified by the Institute of Company Secretaries of India and approved by the Central Government is provided in page number 247 of this Annual Report and forms parts of this Corporate Governance Report.

BOARD MEETINGS / PREVIOUS ANNUAL GENERAL MEETING

• During the financial year under review, eight Board Meetings were held on April 08, 2019, May 03, 2019, May 24, 2019, August 05, 2019, September 26, 2019, November 13, 2019, December 24, 2019 and February 12, 2020. The maximum gap between any two board meetings was less than 120 days, as stipulated under Regulation 17(2) of the Listing Regulations.

Attendance at the eight Board meetings and previous Annual General Meeting (AGM) held on July 08, 2019 is as follows:

Name	Board Meetings attended	Attendance at previous AGM
Mr. Sanjay Buch	8	Yes
Ms. Rajeshwari Datla	8	Yes
Mr. Vinayak Hajare	8*	Yes
Mr. Krishna Datla	8	Yes
Mr. Satish Varma (appointed as Executive Director w.e.f. September 27, 2019)	8	Yes
Dr. Gopakumar Nair (appointed w.e.f. May 17, 2019)	6	Yes
Ms. Anupama Datla Desai (appointed w.e.f. September 27, 2019)	2	N.A.

* Attended one meeting via teleconferencing.

AUDIT COMMITTEE

During the year under review, five Audit Committee meetings were held on April 08, 2019, May 24, 2019, August 05, 2019, November 13, 2019 and February 12, 2020. The representatives of the Auditor(s), and Chief Financial Officer also attended the Audit Committee meeting(s).

The composition of the Audit Committee as on March 31, 2020 and the attendance of the Audit Committee members at the Committee meetings held during the financial year under review is as follows:

Name of the Director	Designation	Meetings attended
Mr. Sanjay Buch	Chairman	5
Ms. Rajeshwari Datla	Member	5
Mr. Vinayak Hajare	Member	5*
Dr. Gopakumar Nair (appointed w.e.f. May 17, 2019)	Member	4

* Attended one meeting via teleconferencing.

The composition of the Audit Committee complies with the requirements laid down in Regulation 18 of the Listing Regulations. Mr. Sanjay Buch and Mr. Vinayak Hajare possess expertise in accounting and financial management. The Company Secretary acts as Secretary to the Audit Committee.

• **Terms of reference:**

The powers, role and functions of the Audit Committee are as per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18(3) read with Schedule II (Part C) of the Listing Regulations, which, inter alia include the following:

1. Review company's financial reporting process and accounting policies and practices.
2. Review and recommend to the Board, appointment, re-appointment and removal of Statutory and Internal Auditors and fixation of auditors remuneration and other fees, including terms of appointment.
3. Review with management of quarterly, half-yearly and annual financial statements and auditors' report before submission to Board for approval with particular reference to:
 - (a) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
4. Review adequacy of internal control systems (including internal financial controls) and risk management systems;
5. Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
6. Review reports and significant findings, if any, of the Internal and Statutory Auditor and to ensure that suitable follow-up action is taken;
7. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
8. Discussion with Statutory Auditors and Internal Auditors about nature and scope of audit and areas of concern;
9. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
10. Review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern;
12. Examination of disclosure aspects of related party transactions and approval or any subsequent modification of transactions of the Company with related parties;
13. Scrutiny of inter-corporate loans and investments;
14. Valuation of undertakings or assets of the Company, wherever it is necessary;
15. Monitoring the end use of funds raised through public offers and related matters;
16. Review of financial statements of subsidiary companies, joint venture and associate companies;
17. Review substantial defaults in payments to stakeholders and creditors;
18. Review the functioning of the Vigil mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Any other functions as may be statutorily required.

NOMINATION AND REMUNERATION COMMITTEE

- During the year under review, five Committee meetings were held on May 24, 2019, August 05, 2019, September 26, 2019, December 24, 2019 and February 12, 2020.
- The Composition of the said Committee as on March 31, 2020 and the attendance of the Committee members in its meeting held during the financial year under review is as follows:

Name of the Director	Designation	Meetings attended
Mr. Vinayak Hajare	Chairman	5*
Mr. Sanjay Buch	Member	5
Mr. Satish Varma	Member	3
Dr. Gopakumar Nair (appointed w.e.f. May 17, 2019)	Member	5

* Attended one meeting via teleconferencing.

The Company Secretary acts as Secretary to the Committee.

- Terms of reference:**

The terms of reference include:

Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board, their appointment and removal.

Carry out evaluation of every director's performance.

Devising a policy on diversity of Board of Directors

Formulate the criteria for determining qualifications, positive attributes and independence of a director.

Recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and other employees.

Recommend whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

Any other terms of reference, role, responsibility and powers as may be prescribed from time to time (i) under the Companies Act, 2013 and rules made thereunder and the Listing Regulations; and/or (ii) by the Board of Directors of the Company.

NOMINATION AND REMUNERATION POLICY AND PERFORMANCE EVALUATION OF BOARD AND INDIVIDUAL DIRECTORS:

As per the Nomination and Remuneration policy of the Company ('Remuneration Policy'), the Director(s), KMP, Senior management personnel in addition to the criteria mentioned in the Act and Listing Regulations, should inter alia possess (a) relevant qualification, experience and expertise; (b) strong analytical and excellent communication skills; (c) collaborative and flexible style, with a high level of professionalism; and (d) leadership skills.

ANNUAL PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to provisions of the Act, Listing Regulations and Remuneration Policy, the Directors of the Company carried out annual performance evaluation of the Board as a whole, Committees of the Board and Individual Directors (excluding the Director being evaluated).

A meeting of Independent Directors of the Company was held to: (a) review the performance of Chairperson, Non Independent Directors and the Board as a whole; (b) assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

The evaluation was done through a structured process and forms, covering various aspects such as composition of Board, professional knowledge and expertise, performance of individual roles and duties including contribution in Board / Committee meetings, protection of interest of all stakeholders etc.

Details of remuneration of Directors for the financial year ended March 31, 2020 are as follows:

Name of Director	Sitting Fees* (₹)	Salary (₹)	Contribution to PF and other funds (₹)	Benefits & Perquisites (₹)	Total (₹)	No. of shares held (FV of ₹5)
Mr. Sanjay Buch Independent Director	9,00,000	-	-	-	9,00,000	NIL
Ms. Rajeshwari Datla Non-Executive Director	5,30,000	-	-	-	5,30,000	5,09,718
Mr. Vinayak Hajare Independent Director	6,40,000	-	-	-	6,40,000	NIL
Mr. Krishna Datla** Managing Director +	2,60,000	1,44,75,000	19,66,500	1,35,62,791	3,02,64,291	24,19,074
Mr. Satish Varma*** Non-Executive Director (up to September 26, 2019) Executive Director (w.e.f. September 27, 2019) +	2,50,000	1,12,50,000	15,12,692	87,95,596	2,18,08,288	23,160
Dr. Gopakumar Nair Non-Executive Director (w.e.f. May 17, 2019)	7,50,000	-	-	-	7,50,000	6,000
Ms. Anupama Datla Desai*** Executive Director (w.e.f. September 27, 2019) +	-	78,70,000	46,05,503	11,09,308	1,35,84,811	4,05,492
TOTAL	33,30,000	3,35,95,000	80,84,695	2,34,67,695	6,84,77,390	33,63,444

* Sitting Fees include fees for –

Board and Committee Meetings at ₹40,000 and ₹10,000 per meeting respectively (up to November 13, 2019); and

Board, Audit Committee and other Committee Meetings @ ₹1,00,000; ₹50,000 and ₹10,000 per meeting respectively (w.e.f. November 14, 2019).

* Sitting fees include fees paid to non-executive directors of the Company and of erstwhile Fermenta Biotech Limited (Transferor Company).

** The agreement between the Company and the Managing Director is for a period of three years effective May 9, 2018 with a loss of office clause. Either party is entitled to terminate the said agreement by giving not less than three months' notice in writing to the other party or such other period as may be mutually decided.

*** The agreement between the Company and the Executive Directors is for a period of three years effective September 27, 2019 with a loss of office clause and is subject to member's approval in this AGM. Either party is entitled to terminate the said agreement by giving not less than three months' notice in writing to the other party or such other period as may be mutually decided.

+ The remuneration details including the commission payable to the Managing Director and Executive Directors for FY 2019-20 are provided in the Extract of the annual return for FY 2019-20 and is available on the Company's website at <https://fermentabiotech.com/annual-returns.php>

The Company has not granted any Stock Option to any Director. There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive / Independent Directors during the year under review, except as stated above.

The Non-Executive Directors receive sitting fees for attending the meetings of Board of Directors and its Committees.

STAKEHOLDERS RELATIONSHIP COMMITTEE

- During the year under review, four Stakeholders Relationship Committee meetings were held on May 24, 2019, August 05, 2019, November 13, 2019 and February 12, 2020. The composition of the Committee as on March 31, 2020 and the attendance at the said Committee meeting is as follows:

Name of the Director	Designation	Meetings attended
Mr. Sanjay Buch	Chairman	4
Mr. Vinayak Hajare	Member	4*
Mr. Krishna Datla	Member	4
Mr. Satish Varma	Member	4

* Attended one meeting via teleconferencing.

The Company Secretary acts as a Secretary to Stakeholders Relationship Committee.

- **Terms of Reference:**

The Committee, inter alia, deals in matters relating to:

- Redressal of Members' grievances.
- Issue of duplicate Share Certificates.
- Review of Dematerialized shares.
- Transfer and Transmission of shares.
- Non-receipt of Annual Reports and declared dividends.
- Other matters related to shares and/or investor grievances.

SHAREHOLDER INFORMATION

- Name and designation of Compliance Officer: Mr. Srikant N. Sharma - Company Secretary.
Investor Helpdesk:
Mr. Srikant Sharma
Fermenta Biotech Limited, A -1501, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) – 400 610, Maharashtra, India
Tel No.022-67980800 Fax:-022-67980899
e-mail: srikant.sharma@fermentabiotech.com

INVESTOR COMPLAINTS AND THEIR REDRESSAL

- The number of investor complaints received and resolved during the financial year 2019-20 was 1.
- Pending complaints as on March 31, 2020 were NIL.

GENERAL BODY MEETINGS

- Details of the last three Annual General Meetings of the Company and Special Resolution(s) passed are as follows:

Year	Date and Time	Venue	Special Resolution(s) passed
2016-17	September 29, 2017 at 3:00 p.m.	Thane One, DIL Complex, Ghodbunder Road, - Majiwade, Thane (West) – 400 610.	
2017-18	September 28, 2018 at 3:00 p.m.	Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) – 400 610.	1) Re-appointment of Mr. Krishna Datla as Managing Director
2018-19	July 08, 2019 at 04:45 p.m.	Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) – 400 610.	1) Re-appointment of Mr. Sanjay Buch, as an Independent Director of the Company for a period of five years effective from April 1, 2019; 2) Re-appointment of Mr. Vinayak Hajare, as an Independent Director of the Company for a period of five years effective from April 1, 2019; 3) Appointment of Dr. Gopakumar Nair, as an Independent Director of the Company for a period of five years effective from May 17, 2019

Postal Ballot

1. During the financial year 2018-19, the following special resolution was passed by way of Postal Ballot (July 26, 2018) as under:

Special Resolutions	Number of votes cast in favour of the resolution	Number of votes cast against the resolution
Alteration to the Objects Clause of the Memorandum of Association of the Company	17,49,809	10

2. During the financial year 2019-20, the following special resolutions were passed by way of Postal Ballot (January 28, 2020) as under:

Special Resolutions	Number of votes cast in favour of the resolution	Number of votes cast against the resolution
Approval of the amendment in the "Fermenta Biotech Limited - Employee Stock Option Plan 2019"	75,70,735	7
Acquisition of shares from secondary market by the Trust in relation to the implementation of "Fermenta Biotech Limited - Employee Stock Option Plan 2019"	75,70,435	307

The Company had provided its members the facility to exercise their right to vote through the postal ballot including the Electronic Voting on all the resolutions as set out above, in the Notices of the respective Postal Ballot. The Company had engaged the services of Central Depository Services Limited ("CDSL") to provide the remote e-voting facility. The Company appointed Mr. V. N. Deodhar (Membership No. FCS 1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries as the Scrutinizer to scrutinize the entire Postal Ballot process for the special resolution(s) as mentioned above. The above results were displayed on the Notice Board of the Company and other statutory intimation(s) of the above Postal Ballot results were completed within the stipulated timelines.

COMPANY POLICIES

VIGIL MECHANISM POLICY

The Company has adopted a Whistle Blower Policy as part of Vigil Mechanism for Directors and employees to report instances of unethical acts, actual or suspected fraud or violation of FBL's Code or other similar genuine concerns or grievances. The Vigil Mechanism Policy is displayed on the Company's website at <https://fermentabiotech.com/policies.php>. The Board affirms that no personnel has been denied access to the audit committee.

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS ('RPT Policy')

The RPT Policy of the Company lays down the process to be adopted by the Company for: (a) identification of potential Related Party/ies; (b) materiality thresholds for RPT(s); (c) manner of dealing with and approving the transactions between the Company and its related parties. The RPT Policy also lays down the disclosure requirements of related party transactions, if any and the criteria for determining ordinary course of business and arm's length transactions.

The RPT Policy can be viewed at the Company's website at <https://fermentabiotech.com/policies.php>

During the year under review, there were no materially significant related party transactions entered by the Company with Promoters, Directors or Key Managerial Personnel or their relatives which may have a potential conflict with the interest of the Company at large. Except as otherwise provided in this Annual report, none of the Directors has any pecuniary relationships or transactions with the Company.

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

The Company has adopted a policy for determining material subsidiary as required by the Listing Regulations. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company. The policy is uploaded on the website of the Company and can be viewed at <https://fermentabiotech.com/policies.php>

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has adopted 'Familiarization Programme' for Independent Directors to ensure that the Independent Directors are familiarized with the Company's business operations, strategies, business model, nature of industry in which Company operates and role, duties and responsibilities of an Independent Director of the Company. The details of Familiarisation Programme are available at <https://fermentabiotech.com/policies.php>

Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is provided in page number 69 of this annual report.

DISCLOSURES

- The risk management reports are placed before the Audit Committee and Board of Directors for review.
- During the last three years, there were no instances of non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets.
- Pursuant to Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Chief Executive Officer and the Chief Financial Officer have submitted a certificate to the Board of Directors for the financial year ended March 31, 2020. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

- **Reconciliation of Share Capital Audit**
Share Capital Audit for the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital of the Company has been done by a Practising Company Secretary on a quarterly basis and the Reconciliation of Share Capital Audit Reports were issued thereon during the year under review. The audit confirms that the total issued / paid – up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL..
- **Compliance with Mandatory Requirements**
The Company has complied with all the mandatory requirements, as applicable in terms of Schedule V of the Listing Regulations.
- **Compliance with Discretionary Requirements as per Part E of Schedule II of the Listing Regulations**
The Company has adopted D & E of the Non-Mandatory requirements as provided in Part E of Schedule II of the Listing Regulations and not adopted A, B and C since they are discretionary requirements.
- **Response of the Company's management in relation to the –**
 - (a) 'Basis of qualified opinion' and
 - (b) 'Qualified opinion'

as mentioned in the Independent Auditor's Report in page no. 106 of this Annual Report is:

The company had given to non-related party, advances in the nature of Inter Corporate Deposits and trade advances in various tranches over the period of last twenty months for the development of the new product i. e. cholesterol from Fish Oil. The total amount outstanding as on March 31, 2020 is ₹2,430.88 Lakhs, including interest of ₹198.88 Lakhs. The Company has started the export sales of the new product and is confident that it shall be able to recover the trade advances and Inter corporate deposit amount alongwith interest in next 12 months period.

- (i) Management's estimation on the impact of audit qualification: Not Applicable;
- (ii) If management is unable to estimate the impact, reasons for the same: The advance in the nature of ICD and trade advances were against development of the new product i.e. cholesterol from Fish Oil. The sales of the product has also commenced. Hence the management is unable to estimate the impact.

MEANS OF COMMUNICATION

The Quarterly, Half Yearly and Annual results, published in the proforma prescribed under the Listing Regulations, are approved by the Audit Committee and taken on record by the Board of Directors of the Company within the prescribed time limit. The approved results are forthwith sent to BSE Limited in prescribed format where the Company's shares are listed.

Newspapers wherein quarterly results are published:	Business Standard (English), Sakal (Marathi)
Any website, where displayed:	Yes, BSE website (www.bseindia.com) and the Company's website (www.fermentabiotech.com)
Online filing with BSE Corporate Compliance & Listing Centre:	All periodical compliances of the Company as per Listing Regulations are also being filed online with the BSE Corporate Compliance & Listing Centre.
SEBI Complaints Redress System (SCORES) :	All periodical compliances of the Company as per Listing Regulations are also being filed online with the BSE Corporate Compliance & Listing Centre. The investor complaints, if any, can be uploaded on the SCORES. These complaints are processed in a centralized web-based complaints redress system of SEBI (SCORES). The salient features of this system is centralised database of all complaints, online upload of Action Taken Reports (ATRs) and online viewing by investors of actions taken on the complaint and its current status.
Whether it also displays official news releases and presentations made to institutional investors or to analysts:	Yes
Management discussion and analysis report (MD&A) is a part of the Annual report or not:	Management discussion and analysis report (MD&A) is a part of the Annual report or not:

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting :	Saturday, October 17, 2020 at 2:00 p.m. through Video Conferencing or Other Audio-Visual Means, without the physical presence of the members at the venue. The venue of the AGM shall be deemed to be A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) - 400 610, Maharashtra.
Financial Year	April 01 to March 31
Financial reporting for the quarter ending June 30, 2020:	By September 15, 2020
Financial reporting for the quarter ending September 30, 2020:	By November 14, 2020
Financial reporting for the quarter ending December 31, 2020:	By February 14, 2021
Financial reporting for the year ending March 31, 2021:	By May 30, 2021
Date of Book closure	Not Applicable
Dividend Payment Date	Not Applicable
Listing on Stock Exchanges	BSE Limited (Listing fees for the year 2020-21 have been paid)
Scrip Code on BSE Limited	506414
Market Price Data	High / low of the Company's Stock Price during each month in the financial year ended March 31, 2020

HIGH / LOW OF THE COMPANY'S STOCK PRICE DURING EACH MONTH IN THE FINANCIAL YEAR ENDED MARCH 31, 2020

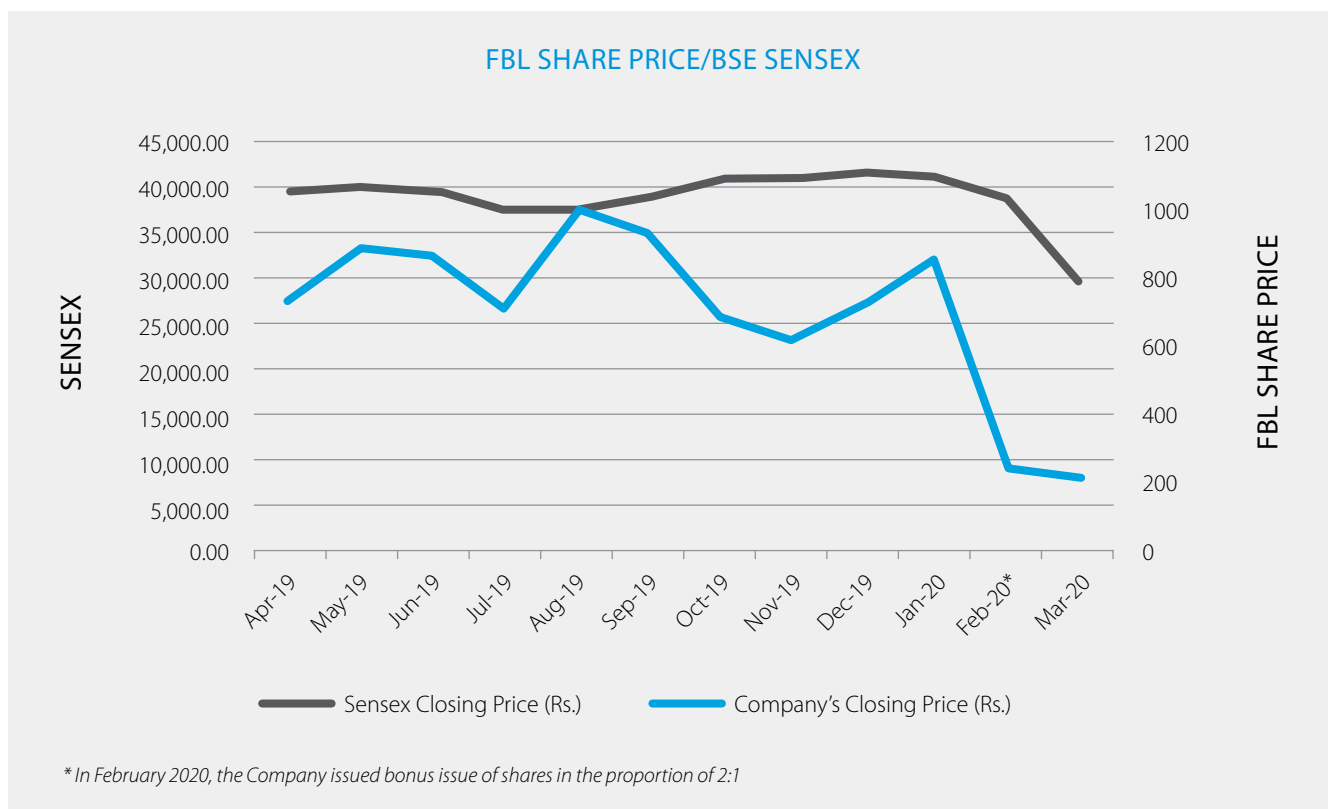
Month	Fermenta Biotech Limited	
	High (₹)	Low (₹)
April 2019	869.50	637.40
May 2019	921.00	616.00
June 2019	954.10	839.65
July 2019	860.00	695.00
August 2019	1,008.80	600.00
September 2019	1,011.00	865.00
October 2019	965.50	651.00
November 2019	774.00	583.00
December 2019	735.00	577.00
January 2020	949.00	719.45
February 2020*	898.90	231.20
March 2020	250.00	151.00

* In February 2020, the Company issued bonus shares in the proportion of 2:1.

PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES SUCH AS BSE SENSEX.

Month	Company's Closing Price (₹)	Sensex Closing Price (₹)	No. of shares of the Company traded
April 2019	730.15	39,031.55	54,634
May 2019	879.95	39,714.20	1,63,506
June 2019	856.40	39,394.64	90,504
July 2019	703.30	37,481.12	47,485
August 2019	994.75	37,332.79	2,09,973
September 2019	920.20	38,667.33	62,644
October 2019	675.95	40,129.05	1,10,049
November 2019	617.90	40,793.81	2,49,240
December 2019	718.35	41,253.74	1,36,962
January 2020	856.40	40,723.49	2,03,045
February 2020*	236.90	38,297.29	2,90,635
March 2020	212.75	29,468.49	3,28,470

* In February 2020, the Company issued bonus shares in the proportion of 2:1.



Registrar and Transfer Agents

: Link Intime India Private Limited
C 101, 247 Park, L B S Marg, Vikhroli West,
Mumbai 400 083
Maharashtra, India
Tel No.: +91 22 49186000
Fax No: +91 22 49186060
Email : rnt.helpdesk@linkintime.co.in

• **Share Transfer System:**

Shares are normally transferred within a period of 15 days from the date of receipt, provided the documentation is in order. In order to expedite the process of share transfers, the Board of Directors has delegated the powers of share transfer and/ or related matters to Mr. Sanjay Buch, Chairman of the Stakeholders Relationship Committee and/ or Mr. Vinayak Hajare, Member of the Stakeholders Relationship Committee and/ or Mr. Srikant Sharma, Company Secretary, who attends the share transfer formalities at least once in a fortnight. The meeting of Stakeholders Relationship Committee is also held once in every three months. All transfers of shares in physical mode are registered and approved by authorised signatories of the Company.

• **Distribution of the Company's equity shareholding as on March 31, 2020:**

Sr. No.	Range in no. of Shares	Holding (no. of shares)	Amount (₹)	% to Total Amount	No. of Holders	% to Total Holders
1	1 - 500	5,91,291	29,56,455	2.0091	5020	67.8012
2	501 - 1000	9,03,725	45,18,625	3.0707	1259	17.0043
3	1001 - 2000	8,86,019	44,30,095	3.0105	628	8.4819
4	2001 - 3000	4,38,261	21,91,305	1.4891	174	2.3501
5	3001 - 4000	2,84,011	14,20,055	0.9650	83	1.121
6	4001 - 5000	1,69,959	8,49,795	0.5775	37	0.4997
7	5001 -10000	6,65,977	33,29,885	2.2628	94	1.2696
8	10000 and above	2,54,91,744	12,74,58,720	86.6153	109	1.4722
	Total	2,94,30,987	14,71,54,935	100	7404	100

• Equity Shareholding Pattern as on March 31, 2020

	Shareholding (no. of shares)	% of holding
Promoters	1,74,94,392	59.44
Clearing Members	22,558	0.08
Foreign Banks & NRIs	3,18,679	1.08
Other Bodies Corporate and Funds	9,72,810	3.31
Nationalized Banks	165	0
General Public	96,55,813	32.81
Hindu Undivided Family	2,44,887	0.83
IEPF	1,38,018	0.47
Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	5,83,665	1.98
TOTAL	2,94,30,987	100

- **Dematerialization of Shares:** The Company and Link Intime India Private Limited, has signed Tripartite Agreements with the National Securities Depository Ltd. and the Central Depository Services (India) Ltd. respectively. The shares of the Company are compulsorily traded in the dematerialised form in the Stock Exchange. Presently 98.32% of the equity shares of the Company have been dematerialized.

- **Address for Correspondence:**

Link Intime India Private Limited C 101, 247 Park L B S Marg, Vikhroli West, Mumbai – 400 083. Maharashtra, India Tel No.: +91 22 49186000 Fax No.: +91 22 49186060 Email : rnt.helpdesk@linkintime.co.in	Fermenta Biotech Limited A -1501, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610 Maharashtra, India. ISIN: INE225B01013 Tel No.: + 91 22 66230800 Fax No.: + 91 22 6798 0899 Email: srikant.sharma@fermentabiotech.com
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- **Plant locations :**

Factory : Village Takoli, P.O. Nagwain,
Dist. Mandi - 175 121, Himachal Pradesh, India.

Factory : Z - 109 B & C, SEZ II, Dahej,
Taluka - Vagara, Dist: Bharuch - 392 130,
Gujarat, India.

- Details of penalties : A prior intimation for considering interim dividend (Reg. 29 of LODR) for the board meeting of November 13, 2019 was not communicated to the exchange and an amount of Rupees Ten Thousand plus GST was levied by the exchange and the company duly complied with it.
- Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part : ₹47.92 Lakhs

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

August 28, 2020, Thane

Registered Office:

A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

TO THE MEMBERS OF
FERMENTA BIOTECH LTD.,

We have examined the compliance of conditions of Corporate Governance by Fermenta Biotech Limited (the Company) (formerly known as DIL Limited) for the year ended 31st March 2020, as stipulated in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Managements' Responsibility:

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditors' Responsibility:

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring

the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Opinion:

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C and D of Schedule V of SEBI Listing Regulations during the year ended 31st March, 2020.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For V. N. DEODHAR & CO.,
COMPANY SECRETARIES

V.N.DEODHAR
PROP.

FCS NO.1880
C.P. No. 898

UDIN:F001880B000628440

Place: Mumbai

Date: 28th August, 2020

CODE OF CONDUCT

Declaration as required under Regulation 26(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

All Directors and senior management of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2020

for Fermenta Biotech Limited

August 28, 2020, Thane

Prashant Nagre
Chief Executive Officer

Annexure IV

Statement of Disclosure of Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) and (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Information under rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2019-20:

Sr. no.	Name	Designation	Ratio of remuneration of director to median Remuneration of employees
1	Mr. Krishna Datla	Managing Director	58.51
2	Ms. Anupama Datla Desai	Executive Director (w.e.f. September 27, 2019)	31.92
3	Mr. Satish Varma	Executive Director (w.e.f. September 27, 2019)	45.43

2. Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2019-20:

Sr. no.	Name	Designation	% increase
1	Mr. Krishna Datla	Managing Director	-
2	Ms. Anupama Datla Desai	Executive Director (w.e.f. September 27, 2019)	-
3	Mr. Satish Varma	Executive Director (w.e.f. September 27, 2019)	-
4	Mr. Prashant Nagre	Chief Executive Officer (w.e.f. September 27, 2019)	14%
5	Mr. Sumesh Gandhi	Chief Financial Officer	13%
6	Mr. Srikant Sharma	Company Secretary	12%

3. Percentage increase in the median remuneration of employees in the financial year 2019-20:
Due to the merger of erstwhile Fermenta Biotech Limited ('Transferor company') with DIL Limited ('Transferee company'/'Company'), there is a percentage decrease in the median remuneration of employees in the financial year 2019-20.

4. Number of permanent employees on the rolls of the Company: 524

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

% increase made in the salaries of employees other than the managerial personnel:	12.50%
% increase in the managerial remuneration:	13%

6. Affirmation that the remuneration is as per the remuneration policy of the Company: Yes

Information under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Krishna Datla	Satish Varma	Anupama Datla Desai	Prashant Nagre
Designation	Managing Director	Executive Director (w.e.f. September 27, 2019)	Executive Director (w.e.f. September 27, 2019)	Chief Executive Officer (w.e.f. September 27, 2019)
Remuneration received (₹)	3,00,04,291	2,15,58,288	1,35,84,811	1,88,47,692
Nature of employment, whether contractual or otherwise	Contractual	Contractual	Contractual	Contractual
Qualifications and experience	B.Com. Around 16 years of experience	Computer Science Around 25 years of experience	Post-Graduate in Biotechnology from Mumbai University and Science Graduate from the Boston College, USA Around 13 years of experience	B.Pharm, Post Graduate Diploma in Foreign Trade, Post Graduate Diploma in International Trade, Masters in Management Science Around 30 years of experience
Date of commencement of employment	09.05.2005 as Managing Director	27.09.2019 as Executive Director	27.09.2019 as Executive Director	27.09.2019
Age (Years)	39	50	42	50
Last employment	-	Erstwhile Fermenta Biotech Limited	Erstwhile Fermenta Biotech Limited	Erstwhile Fermenta Biotech Limited
% of shares held	8.22%	0.08%	1.38%	-
Whether relative of director	Relative of Ms. Rajeshwari Datla and Ms. Anupama Datla Desai	-	Relative of Ms. Rajeshwari Datla and Mr. Krishna Datla	-

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

August 28, 2020, Thane

Registered Office:
A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.

Annexure V

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Fermenta Biotech Ltd.,
(Formerly known as DIL Limited)
A-1501, Thane One,
DIL Complex, Ghodbunder Road, Majiwada,
Thane (W) - 400 610.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Fermenta Biotech Limited (Formerly known as DIL Limited) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Fermenta Biotech Limited ("the Company") for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009,
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014,
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit period),
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit period); and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws applicable specifically to the Company.

- a) Drugs and Cosmetics Act, 1940
- b) The Environment (Protection) Act, 1986
- c) The Water (Prevention and Control of Pollution) Act, 1974
- d) The Air (Prevention and Control of Pollution) Act, 1981

We have been informed that the compliance of the above laws is monitored on monthly basis by the Compliance officer and necessary action is initiated for non-compliance, if any. Additionally, we have been informed that a status report signed by the Company Secretary and the Chief Financial Officer on compliance of various statutes is submitted to the Board at its every meeting.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India, and
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and its operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **V.N.DEODHAR & CO.,**
COMPANY SECRETARIES

UDIN: F00188B000628385
Place: Mumbai
Date: August 28, 2020

V.N.DEODHAR
PROP.
FCS NO.1880
C.P. No. 898

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this Report.

Annexure A

To,
The members,
Fermenta Biotech Ltd.,
(Formerly known as DIL Limited),

Our Secretarial Audit Report of even date for the financial year ended 31st March,2020 is to be read along with this letter.

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial Records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the Compliance of Laws, Rules & Regulations and happening of events, etc.
5. The Compliance of provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **V.N.DEODHAR & CO.,**
COMPANY SECRETARIES

UDIN: F00188B000628385
Place: Mumbai
Date: August 28, 2020

V.N.DEODHAR
PROP.
FCS NO.1880
C.P. No. 898

Annexure VI

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Fermenta Biotech Ltd.,
(Formerly known as DIL Limited)
A-1501, Thane One,
DIL Complex, Ghodbunder Road, Majiwada,
Thane (W) - 400 610.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Fermenta Biotech Limited,(Formerly known as DIL Limited) having CIN L99999MH1951PLC008485 and having registered office at A-1501, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (W)- 400 610, (hereinafter referred to as 'the Company') produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(4) read with Schedule V Para C- sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identifications Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanation furnished to us by the Company and its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of Appointment in Company
01	Mr. Satish Azad Nadimpally Varma	00003255	01/07/2003
02	Ms. Rajeshwari Datla	00046864	21/07/2005
03	Mr. Sanjay Buch Ramakant	00391436	28/04/2007
04	Mr. Vinayak Manohar Hajare	00004635	18/06/2009
05	Mr. Krishna Vasantkumar Datla	00003247	09/05/2010
06	Dr. Gopakumar Gopalan Nair	00092637	17/05/2019
07	Ms. Anupama Datla Desai	00217027	27/09/2019

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V.N.DEODHAR & CO.**,
COMPANY SECRETARIES

UDIN: F00188B000395405
Place: Mumbai
Date: June 29, 2020

V.N.DEODHAR
PROP.
FCS NO.1880
C.P. No. 898

ANNEXURE VII

Energy conservation, technology absorption and foreign exchange earnings and outgo

A. CONSERVATION OF ENERGY

- (i) The steps taken or impact on conservation of energy:

Responsible and sustainable business practices are imbibed in Company's core philosophy. It has taken various measures like given below to reduce any adverse impact on the environment:

1. Street lights, lights in production area replaced with LED fixtures and bulbs.
2. Designing capacitor banks to decrease electricity consumption.
3. Steam condensate from reused to minimize water consumption.
4. Provided heat exchangers on vent of vacuum system. Collecting of mix solvent from vacuum system to protect the environment.
5. New drum heater capacity increased considering batch size. Steam consumption decreased up to 30 to 40%.

- (ii) The steps taken by the Company for utilising alternate sources of energy:

The Company continues its endeavour to reduce electrical energy consumption through its switch-over to CFL lamps. Installation of energy efficient motors and variable frequency drives in major equipment continues to augment optimum utilisation of energy.

- (iii) Capital / other investment on energy conservation equipment:
New Brine plant installed for heat exchanger has reduced the energy consumption

B. TECHNOLOGY ABSORPTION:

- (i) The efforts made towards technology absorption: NIL
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable
- (iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished: NIL
- (a) Details of technology imported. - NIL
 - (b) Year of import. – Not Applicable
 - (c) Whether the technology been fully absorbed - Not Applicable
 - (d) If not fully absorbed, areas where absorption has not taken place and the reasons therefor - Not Applicable
- (iv) The expenditure incurred on Research and Development –
Capital : ₹497.20 Lakhs
Recurring : ₹653.85 Lakhs
Total expenditure: ₹1151.05 Lakhs

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign exchange used and earned in 2019-20:
Foreign exchange earned: ₹19,767.22 Lakhs
Foreign exchange used: ₹9,354.19 Lakhs

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

August 28, 2020, Thane

Registered Office:
A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.

Annexure VIII

Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

Continuing with the legacy of practicing CSR activities of our founder members, the Company has been committed to the cause of CSR for many years. Over the years, CSR activities of the Company have diversified and expanded into new communities and in turn benefitted more and more stakeholders. Today, our Company firmly believes that corporate citizens have a vital role to play in empowering and enriching the communities and its stakeholders.

The CSR Policy of the Company is available on Company's website at <https://fermentabiotech.com/policies.php>

Brief of CSR activities: Contribution towards betterment of blind and differently-abled persons, promoting animal welfare, promoting rural development, promoting education.

2. The Composition of the CSR Committee:

The CSR Committee comprises of Mr. Sanjay Buch (Chairman), Mr. Vinayak Hajare, Mr. Krishna Datla, Mr. Satish Varma and Dr. Gopakumar Nair.

3. Average net profit of the company for last three financial years: ₹9,040.85 Lakhs
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Budgeted amount of ₹180.82 Lakhs towards CSR activities; including administrative expenditure not exceeding 5% of the CSR expenditure as may be actually incurred in the FY 2019-2020.
5. Details of CSR spent during the financial year: ₹186.75 Lakhs
 - (a) Total amount to be spent for the financial year: ₹180.82 Lakhs
 - (b) Amount unspent, if any: NIL
 - (c) Manner in which the amount spent during the financial year is detailed below.

CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
Promoting health care including preventive health care	Corneal implants, heart surgeries, wheelchairs in rehabilitation centre	Thane, Maharashtra	₹81,19,100	Indirect expenditure	₹81,19,100	Indirect
E-learning, promoting education and vocation skills	Education	Kullu, Himachal Pradesh	₹15,53,623	Direct expenditure on projects	₹96,72,723	Direct
Contribution towards rural development	Social welfare & Rural development	Thane, Maharashtra, Kullu, Himachal Pradesh & Dahej, Gujarat	₹26,00,183	Indirect expenditure	₹1,22,72,906	Indirect

CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
Contribution towards animal protection/ welfare	Sanjay Gandhi National Park	Mumbai, Maharashtra	₹20,77,318	Indirect expenditure	₹1,43,50,224	Indirect
Contribution for the benefit of armed forces veterans	Armed forces veterans	Pune, Maharashtra	₹6,67,800	Direct expenditure on projects	₹1,50,18,024	Direct
Support to Maharashtra Police for Covid preparedness*	Social welfare	Mumbai, Maharashtra	₹11,57,236	Direct expenditure on projects	₹1,61,75,260	Direct
Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund	PM CARES Fund	Mumbai, Maharashtra	₹25,00,000	Indirect expenditure	₹1,86,75,260	Indirect
TOTAL					₹1,86,75,260	

* The project for support to Maharashtra Police for Covid preparedness was initiated before March 31, 2020, however, the payment of ₹11,57,236 was made after March 31, 2020 but prior to the date of this report.

- In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's report:- As on the date of this report, there is no unspent amount.
- The Chairman of the CSR Committee on behalf of the CSR Committee has given the responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

August 28, 2020, Thane

Registered Office:
A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.

ANNEXURE IX

BUSINESS RESPONSIBILITY REPORT

INTRODUCTION:

Fermenta Biotech Limited ('Fermenta') lays a strong emphasis on ethical corporate citizenship and believes that true business excellence can be achieved only by doing business following sound sustainability principles that are based on good corporate governance as well as social, environmental and economical Responsibilities. This report illustrates Fermenta's efforts towards creating enduring value for all its stakeholders in a responsible manner. The Business Responsibility Report (BRR) is in accordance with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, issued by Ministry of Corporate Affairs and regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Name of the Company: *Fermenta Biotech Limited*
- Registered address: *A -1501, Thane One, DIL Complex, Ghodbunder Road Majiwade, Thane (West) 400 610, Maharashtra, India*
- Website: *www.fermentabiotech.com*
- E-mail id: *info@fermentabiotech.com*
- Financial Year reported: *2019-20*
- Sector(s) that the Company is engaged in (industrial activity code-wise)
NIC Code - 21001
Product/service - Vitamin D3 Product Range, Phenyramidol HCl and Silicon Dry Powder
- List three key products/services that the Company manufactures/provides (as in balance sheet): *(1) Manufacturer of Vitamin D3 product range, (2) Other niche APIs (Phenyramidol HCl and Silicon Dry Powder, (3) Integrated Biotechnology products (Enzyme technologies).*
- Total number of locations where business activity is undertaken by the Company
(a) Number of International Locations (Provide details of major 5) – 1. Fermenta Biotech GmbH: C/o - InterGest Germany GmbH, Straßenbahnring 13, 20251 Hamburg, Germany
(b) Number of National Locations – 4 locations (Registered office and R&D Centre at Thane, Maharashtra; Manufacturing facilities at Kullu, Himachal Pradesh and Dahej, Gujarat.)

- Markets served by the Company – Local/State/National/International – *The Company's products are available nationally as well as exported internationally. Fermenta is one of the leading Vitamin D players globally and supplies Vitamin D3 to more than 300 customers across 50 countries worldwide.*

SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital (INR): *₹14,71,54,935 (as on March 31, 2020)*
- Total Turnover (INR): *₹31,281.97 Lakhs*
- Total profit after taxes (INR): *₹6,367.04 Lakhs*
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): *Fermenta spent ₹180.82 Lakhs for FY 2019-20 accounting to 2% of average net profit for last three financial years in terms of Section 135 of the Companies Act, 2013.*
- List of activities in which expenditure in 4 above has been incurred: *(a) Promoting health care including preventive health care; (b) Promoting education and vocation skills; (c) Rural development; (d) Animal welfare; (e) Protection of wildlife; (f) Contribution for the benefit of armed forces veterans.*

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies? *Yes, as on March 31, 2020, the Company has 5 subsidiary companies.*
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): *Yes, subsidiary companies participate in the Company's BR initiatives.*
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] – *The Company encourages all its business associates to participate in BR initiatives, however, it has not tracked such actual participation of other business entities and, therefore, on assumption it can be said that the percentage of such entities who participate in BR initiatives is less than 30%.*

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR:

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number - 00003247
2. Name – Mr. Krishna Datla
3. Designation – Managing Director

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	N.A.
2	Name	Mr. Prashant Nagre
3	Designation	Chief Executive Officer
4	Telephone number	+91-22-6798 0888
5	e-mail id	info@fermentabiotech.com

2. Principle-wise (as per NVGs) BR Policy/policies:

Nine principles (shown as P1 to P9 below) are set out under National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released in July, 2011, which guide businesses towards responsible business conduct.

- P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- P3 Businesses should promote the well-being of all employees
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
- P5 Businesses should respect and promote human rights
- P6 Businesses should respect, protect, and make efforts to restore the environment
- P7 Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 Businesses should support inclusive growth and equitable development
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for... (#1)	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders? (#2)	Y	Y	Y	Y	Y	Y	N	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	N	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? (#3)	Y (MD)	Y (ED)	Y (MD)	Y (Ch.)	Y (MD)	Y (ED)	N	Y (Ch.)	Y (CEO)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
6	Indicate the link for the policy to be viewed online? (#4)	-	-	-	-	-	-	N	-	-
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	N	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? (#5)	Y	Y	Y	Y	Y	Y	N	Y	Y

#1: There may not be formal consultation with all stakeholders. However, the policies take into consideration rights, interests and safety of all concerned stakeholders, based on good governance principles.

The following Company policies inter alia cover the principles enumerated above.

P1	Code of conduct	P6	Environment, Health and Safety Policy / Sustainability policy
P2	Environment, Health and Safety Policy / Sustainability policy	P7	N.A.
P3	Code of Conduct, Nomination and Remuneration Policy & Internal HR Policies for Employees, POSH	P8	CSR Policy
P4	CSR Policy	P9	Customer Policy
P5	Code of Conduct	-	-

#2: Policies comply with the principles and conditions stipulated in various laws, rules and regulations applicable to the Company in its conduct of business nationally as well as globally.

#3: MD=Managing Director, ED = Executive Director, CEO = Chief Executive Officer, Ch. = Chairman

#4: <https://www.fermentabiotech.com/policies.php>

https://fermentabiotech.com/sustainability.php#Environment_Health_Safety

#5: The Company has not carried out independent audit of the policies by an external agency. However, the Internal Audit function periodically reviews the implementation of Company policies. The management reviews compliance of policies at the time of considering the Board's report each year.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	-	-	-	-	-	-	NA	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	NA	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	NA	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	NA	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	NA	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	NA	-	-

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year- *The BR report has become applicable to the Company for the first time for financial year ended March 31, 2020. BR shall be reviewed annually at the time of approving the Business Responsibility Report which shall form part of the Annual Report.*
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? - *The Company shall publish Business Responsibility Report, as applicable, which shall form part of the Annual Report. The same shall be made available at www.fermentabiotech.com*

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? - *No. Policy principles relating to human rights, environmental sustainability, ethics, bribery and corruption shall also extend to Company's employees and business associates including its suppliers, contractors to the extent applicable.*

Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others? – *Yes, as stated above.*

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so: *No complaint received during the FY 2019-20.*

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

(a) *Vitamin D: Essential micronutrient for human and animal nutrition. Documented evidence for its role in immune support and protection against respiratory illnesses.*

(b) *Enzymes for biocatalysis: Enables green synthesis across industries*

(c) *Bioproduct for waste-water treatment and odour removal*

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) *Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?*

(b) *Reduction during usage by consumers (energy, water) has been achieved since the previous year?*

Fermenta multi-facility, multi-product production system and hence, it is not possible to determine product-wise resource consumption. Resource consumption patterns may vary depending upon various factors like product mix, batch size and time cycle, among others. Since the consumption of resource per unit depends on the product mix and other variable factors, it is difficult to set specific standards to ascertain reduction achieved at each product level.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so. - *The company has procedures in place for sustainable sourcing which specify that business needs for materials, goods, utilities and services are met in an environment-friendly, responsible and ethical way. All these factors are considered while selecting the suppliers locally and globally. Around 60% of our inputs are sourced sustainably. The Company contracts in place to buy key raw materials, thereby de-risking the dependency. At Fermenta, 100% of our transportation services are sourced locally which helps Fermenta in reducing costs, compliance and mitigating business risk in supply chain.*

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The company is engaged in procurement of goods and services from local & small producers. In order to improve the capacity and the capability of local & small producers, the steps taken are as follows:

- *To ensure the yearly supply assurance and clarity on the yearly volumes in understanding the financial limits,*
- *support in payment terms consideration.*
- *Periodic factory visits and support in quality and process improvement for competitiveness.*

For all manufacturing facilities, Fermenta sources transportation services locally from small vendors, startups and local transport unions. Fermenta collaborates with service providers to raise the bar of service. Fermenta also shares the standards and best practices with business partners to increase their capacity and capability thereby making a positive impact on their business.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.- *Yes, Manufacturing process is actively reviewed to identify opportunities for waste minimization and resource optimization/resource recovery. Both the manufacturing facilities have well defined system to recycle waste and recycling of products waste is more than 10%. Fermenta has adopted focused strategy towards waste management through waste minimization and conservation of resources. Mixed solvent generated during product processing is recycled through recovery plant and reutilized. A substantial percentage of solvents were recovered and recycled into the process. Hazardous chemicals are being segregated and neutralized properly for safe disposal. Waste generation is contained within the limits prescribed by the Centre Pollution Control Board (CPCB) and applicable State*

Pollution Control Boards (SPCBs) across all divisions.

Principle 3

At Fermenta, we care for the well-being of our employees, by providing a safe, inclusive and engaging work environment. Our corporate values are imbibed in our company culture, and our certification as a Great Place to Work® is a reflection of the trust our employees place in the company.

1. Please indicate the total number of employees. - 524
2. Please indicate the total number of employees hired on temporary/contractual/casual basis. - 229
3. Please indicate the number of permanent women employees - 33
4. Please indicate the number of permanent employees with disabilities - 3
5. Do you have an employee association that is recognized by management – Yes
6. What percentage of your permanent employees is members of this recognized employee association? – 19%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?
 - (a) Permanent Employees – 100%
 - (b) Permanent Women Employees - 100%
 - (c) Casual/Temporary/Contractual Employees - 100%
 - (d) Employees with Disabilities - 100%

Principle 4

1. Has the company mapped its internal and external stakeholders? *Yes. Stakeholder identification is a continuous and on-going process at Fermenta.*

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders? Yes, the company has identified the disadvantaged, vulnerable and marginalized stakeholders.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. – *Fermenta, through CSR initiatives, has undertaken several activities for the empowerment of local communities by partnering with primary as well as special schools. It has also collaborated with the National Association for the Blind to support their work for the visually impaired. Fermenta has also contributed towards rehabilitation of injured personnel of the Armed Forces of India, pediatric cardiac surgeries for the underprivileged and other such activities in an attempt to enable the vulnerable to lead better lives.*

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? – *The Company's Code of Conduct inter alia lays out the principles to conduct business in a true and fair manner by maintaining transparency and accountability in its operations. The Company also adheres to the corporate governance principles enumerated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding rights of its stakeholders. Further the Company has in place a Social Compliance Policy mainly covering parties engaged through and in relation to the supply chain. The BR policy of the Company mandates the Company to respect and promote human rights. The Company intends to extend the above principles and policies to the group companies, Suppliers, Contractors and all business associates, in letter and spirit.*
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? – *No complaint received during the FY 2019-20.*

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others. – *The policy principles extend to the group companies and Company's business associates including its suppliers, contractors to the extent applicable. The Company also has Environment, Health and Safety (EHS) Policy in place.*
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. – *Our Sustainable Development Framework includes an EHS Policy and Environmental Management Standards addressing key environmental aspects e.g. conserving natural resources like water, fuel and energy. All our operating sites are ISO 14001:2015 certified. ISO 14001:2015 system implementation helps us to regularly review the environmental aspects and potential impact*

of our operation, contractors and suppliers (present at our site), and setting environment target, monitoring and communicating performance, conduct internal audit and develop corrective action plan, capability development and management review.

Fermenta understands the implications of energy consumption, both in terms of its cost to our operations and price the environment pays for it. We are committed to invest in newer technologies and processes to enhance our energy efficiency. Our energy management approach hinges on a two-pronged strategy: improving energy and process efficiency, while diversifying our energy portfolio at all locations. Fermenta continues to remain committed to decrease our carbon footprint. We expect to reduce our GHG intensity by 12%, objectives for reduction of greenhouse gas (GHG Gas) initiated with Environment friendly gas. We will continue to focus on GHG emission reduction efforts to ensure that we are able to meet our commitment in FY2020.

In our manufacturing process, water is used everywhere from cleaning the equipment to raw material. Given this criticality, we follow the classical '3R' strategy of Reduce, Reuse and Recycle for waste management. We focus on reducing waste at source and find ways to maximise recycling. The factories have adopted a twin-focused approach for effective effluent management - reducing the trade effluent generated at source and finding ways of reusing the treated effluent. The Company has initiated measures across business units to ensure waste minimization, segregation at source and recycling.

3. Does the company identify and assess potential environmental risks? Y/N.
Yes, environmental risks form a part of our operational risks in the Integrated Risk Management framework. Our Environment, Health, and Safety Management System (EHSMS), guides our efforts in managing environmental impacts of our operations. Our manufacturing facilities are ISO 14001:2015 certified for its Environment Management System (EMS). As part of EMS, each facility monitors the environmental risks through an Aspect-Impact study of various activities. Contingency plans have been developed and implemented to prevent, mitigate and control environmental disasters. ISO 14001:2015 system implementation helps us to regularly review the environmental aspects and potential impact of our operation, contractors and suppliers (present at our site), and setting environment target, monitoring and communicating performance, conduct internal audit and develop corrective action plan, capability development and management review. Risk Management Plans are developed. Deviations from laid down policies and procedures are tracked and reviewed by effective procedures of Corrective Action and Preventive Action (CAPA).
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? – *No projects are undertaken specifically under Clean Development Mechanism; however, the Company continues to invest in reducing air emission levels through*

adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control equipment. Its units monitor significant air emission parameters, such as Particulate Matter (PM), Nitrogen Oxides (NOX) and Sulphur Dioxide (SO₂), to ensure compliance with the applicable standards. The Company regularly files environmental compliance reports as per the applicable law.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The factories have made all possible efforts to reduce water footprint by efficient water usage in non-product applications such as utilities, cleaning activities, gardening and domestic purposes.

All the manufacturing units consistently work towards diminishing specific energy consumption. Some of our major initiatives include:

- *Adopted new technologies which helped us to decrease energy consumption in process operation*
- *Replaced water ring vacuum pump with oil ring vacuum pump*
- *Heating Ventilation and Air Conditioning (HVAC) system has been installed with energy efficient components*
- *Usage of energy saving lights i.e LEDs*
- *Usage of Variable Frequency Drive (VFD) for reactors, pumps, and blowers*

In addition to optimising our consumption, we are also looking at diversifying our energy portfolio. Mindful of the long-term impact of traditional grid-energy, we are evaluating renewable energies like solar etc.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? - Yes, emissions/waste generated by the Company is monitored on regular basis and are within the limits prescribed by CPCB / SPCB. We comply with all applicable environmental legislations in the locations we operate from. We monitor and track all parameters as defined by CPCB or SPCBs and ensure they are maintained within norms. All sites are regularly monitored for emission. Ambient air quality including noise is monitored on regular basis.
7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. - Nil

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Major trade and chamber or associations of which the Company is a members are:

- (a) *Indian Drug Manufacturers Association (IDMA)*
 - (b) *Maharashtra Chamber of Commerce, industry & Agriculture (MACCIA)*
 - (c) *Indo German Chamber of Commerce (IGCC)*
 - (d) *Pharmaceuticals Export Promotion Council of India (Pharmexcil)*
 - (g) *Confederation of Indian Industry (CII)*
 - (i) *Small and Medium Business Development Chamber of India (SME)*
 - (k) *Federation of Pharma Entrepreneurs India (FOPE)*
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) - No.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
- a. *Empowering visually impaired: In collaboration with the National Association for the Blind, India (NAB), Fermenta contributes towards Braille kits, preventive surgeries and has also set up a music academy.*
 - b. *Pediatric cardiac surgeries: Fermenta contributed towards pediatric cardiac surgeries for the underprivileged, in collaboration with Rotary Club of Thane Premium and Jupiter Hospital.*
 - c. *Road safety awareness: We conducted a road safety awareness activity at Kullu, distributed reflective safety vests to local communities, and launched an App for enabling traveler safety.*

- d. *Veterans: Fermenta contributed towards wheelchairs for injured defence veterans.*
- e. *Beyond CSR: Our association with Vitamin Angels allows us to contribute towards their activities to eliminate Vitamin A deficiency in mothers and children under five.*
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

Sr. No.	Activity	Implementation
1	Empowering visually impaired	Through National Association for Blind
2	Pediatric cardiac surgeries	In collaboration with Jupiter Hospital and Rotary Club of Thane, Premium
3	Road safety awareness	In-house, in collaboration with Devi Devta Kardhar Committee
4	Defence Veterans	Through Paraplegic Rehabilitation Centre, Kirkee, Pune
5	Beyond CSR	Through Vitamin Angels

3. Have you done any impact assessment of your initiative? *Fermenta is committed to maintaining transparency and accountability in its initiatives. We conduct reviews for all programmes conducted, in order to assess the impact of each activity carried out.*
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken. – *Please refer to the section of the Board's report titled "Annual Report on Corporate Social Responsibility (CSR) Activities".*
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. - *Fermenta*

includes the participation of local communities as a part of its initiatives, to ensure that they align with the needs of the people. For example, our support to defence veterans was carried out through Paraplegic Rehabilitation Centre, Kirkee, Pune; our road safety awareness program in Kullu was carried out in association with the local Devi Devta Kardhar committee, Himachal Pradesh; and our programs for the visually impaired are routed through NAB, who understands the needs of these stakeholders.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year. - *No customer complaints/cases were pending as on March 31, 2020.*
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks (additional information). - *Yes, Fermenta ensures to disclose on or in relation to its products all required information, truthfully and factually, through labelling and other means, including the risks, if any, from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner. All necessary information is disclosed including but not limited to the product's shelf life, strength, intended use, safe and responsible use and storage conditions.*
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. – *No.*
4. Did your company carry out any consumer survey/ consumer satisfaction trends? - *Although Fermenta has not carried out any formal surveys, your company is in constant touch with all its customers to ensure speedy and accurate resolution of any queries raised. Our growth trends in the last few years are reflective of our customer satisfaction.*

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

August 28, 2020, Thane

Registered Office:
A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Fermenta Biotech Limited
(formerly known as DIL Limited)

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of Fermenta Biotech Limited (formerly known as DIL Limited) ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section below, 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 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

The Company has given (unsecured) Inter-corporate deposits aggregating ₹2,130.00 Lakhs in various tranches to another entity over the last twenty months until the end of the reporting period. During the year, the Company has also given trade advances of ₹102.00 Lakhs to the same entity. The amount outstanding as on March 31, 2020 is ₹2,430.88 Lakhs, including interest of ₹198.88 Lakhs. The deposits are repayable within one year from the date of entering into the ICD agreement and are further renewable such that the total period of deposits does not exceed three years. No Interest has been recovered on these deposits since inception. As per that entity's latest available audited financial statements for the year ended March 31, 2019, the entity is dominantly dependent on borrowings, including from banks, and the net worth is marginal.

Further, the directors of that entity in their report have stated that no provision for interest has been made as per mutually agreed terms. The Management of the Company has represented to us that they have not entered into any such terms that would result in non-receipt of interest. For the reasons stated in Note 62 to the standalone financial statements, the Management of the Company believes that no impairment on these Inter-corporate deposits including interest accrued on such deposits and trade advances is deemed necessary. Having regard to the foregoing and in the absence of sufficient appropriate audit evidence, we are unable to comment whether the aforesaid Inter-corporate deposits including interest accrued on such deposits and trade advances would be recoverable including the consequential impact, if any, of such impairment that may be required to be made in the standalone financial statements.

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 qualified opinion on the standalone financial statements

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Scheme of Amalgamation of the Company with its subsidiary and their respective shareholders and its accounting implications (See Note 1.2 to the standalone financial statements)</p> <p>During the year, the National Company Law Tribunal (NCLT), Mumbai Bench, has approved the Scheme of Amalgamation between the Parent i.e. DIL Limited (DIL) and its subsidiary, Fermenta Biotech Limited (FBL) and their respective shareholders. The Scheme became effective from September 26, 2019. The appointed date of the Scheme is April 01, 2018. The amalgamation has been accounted as a common control transaction in accordance with Appendix C of Ind AS 103 "Business Combinations". Accordingly, the figures of the corresponding previous year have been restated.</p> <p>The name of the amalgamated company has been changed from DIL Limited to Fermenta Biotech Limited.</p> <p>This amalgamation has a significant impact on the standalone financial statements of the Company and comparative numbers. The accounting for this business combination being a significant transaction during the year, this has been considered as a key audit matter.</p>	<p>Our principal audit procedures performed included, among others:</p> <ol style="list-style-type: none"> 1. Evaluated the design and tested the operating effectiveness of controls over the accounting for business combination. 2. Examined the regulatory approvals required for the Scheme of amalgamation to take effect and read the order dated September 19, 2019 passed by the Mumbai Bench of NCLT. 3. Read the Scheme of amalgamation to understand the key clauses and accounting implications and confirmed our understanding of the transaction with the Management. 4. Tested supporting workings prepared by the management relating to the accounting of the amalgamation as per the terms of the scheme of amalgamation and as a common control transaction in accordance with Appendix C of Ind AS "Business Combinations". Also checked that the management has appropriately restated the figures of the corresponding previous year in the standalone financial statements. 5. Assessed the adequacy of disclosures made in the standalone financial statements of the Company.
2	<p>Recoverability of MAT credit entitlement - (See Notes 2(g) and 46C to the standalone financial statements)</p> <p>Unused tax credits in the form of MAT credits is recognized to the extent it is reasonably certain that sufficient taxable profits will be available in the future against which such MAT credits can be utilized.</p> <p>During the year, the Company has reassessed the recoverability of MAT credit entitlement and recognized MAT credit of ₹5,072.14 Lakhs (presented within deferred tax asset).</p> <p>The recoverability of such MAT credit entitlement is considered as a key audit matter as it involves significant management judgement including accounting estimates relating to profitability forecasts, availability of sufficient taxable income in the future and recoverability within the specified period of time.</p>	<p>Our principal audit procedures performed included, among others:</p> <ol style="list-style-type: none"> 1. Evaluated the design and tested the operating effectiveness of controls related to the assessment of recoverability of MAT credit entitlement. 2. Evaluated and discussed with the Management the appropriateness of assumptions and evidences for the underlying profitability forecasts. Assessed the assumptions used in the profitability forecasts along with the Company's tax position including the timing of future taxable profits. We also performed sensitivity analysis on the key assumptions in respect of recoverability of MAT credit entitlement. 3. Assessed the adequacy of disclosures made in the standalone financial statements of the Company.

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 Annual report, for example, management discussion & analysis, board's report, etc. 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.
- 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's 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.

- 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.

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

Other Matters

- (a) Due to COVID-19 related lockdown, we were not able to physically observe the physical verification of inventory that was carried out by the Management of the Company subsequent to the year end. Consequently, we have performed alternate procedures to audit the existence and condition of inventory as per the guidance provided in the Standard on Auditing 501 "Audit Evidence – Specific Consideration for Selected Items", which includes inspection of supporting documents, on test check basis, relating to purchases, production, sales, results of cyclical counts performed by the Management of the Company through the year and such other third party evidences as applicable, and have obtained sufficient appropriate audit evidence to issue an unmodified opinion on the standalone financial statements.
- (b) As stated in Note 1.2 to the standalone financial statements, pursuant to the Scheme of Amalgamation of erstwhile Fermenta Biotech Limited, as stated in the said Note, into the Company becoming effective during the year ended March 31, 2020, the corresponding financial information for the year ended March 31, 2019 has been restated. Also refer the first matter under the Key Audit Matters paragraph above.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

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 except for the matter described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) Except for the possible effects of the matter described in the Basis for Qualified Opinion section above, 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) Except for the possible effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) The matter described in the Basis for Qualified Opinion section above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.
- h) 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 a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting for the reasons stated therein.
- i) 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 by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- j) 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 - See Note 41(ii) to the standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("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
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner

Place: Mumbai
Date: August 28, 2020

(Membership No. 36920)
(UDIN: 20036920AAAACU7943)

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

[Referred to in paragraph 1(h) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of Fermenta Biotech Limited (formerly known as DIL Limited)]

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 Fermenta Biotech Limited (formerly known as DIL Limited) (“the Company”) as of March 31, 2020 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 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 assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, a material weakness has been identified in the Company’s internal financial controls over financial reporting in respect of the assessment of impairment in the carrying value

of (unsecured) inter-corporate deposits including interest accrued on such deposits and trade advances, wherein the Company does not have relevant internal financial controls in place, which could potentially result in recognising these financial assets and other current assets at a value more than its recoverable amount and consequential overstatement of profits and overstatement of other equity as at March 31, 2020.

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

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in the Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2020, based on the internal financial 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2020, and the material weakness has affected our opinion on the said standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

For Deloitte Haskins & Sells LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani

Partner

(Membership No. 36920)

(UDIN: 20036920AAAACU7943)

Place: Mumbai

Date: August 28, 2020

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 to the members of Fermenta Biotech Limited (formerly known as DIL Limited)]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered indenture of sale, lease deeds and other documents provided to us by the Management of the Company and based on the confirmation directly received by us from lender, in case of the title deed and the lease deed that have been pledged as security for loans taken by the Company, we report that, the title deeds and lease deeds comprising the immovable properties of land and buildings, disclosed under ‘Property, Plant and Equipment’, ‘Right-of-use-asset’ and ‘Investment Property’ in the standalone financial statements, are held in the name of the Company as at the balance sheet date, except as described below:

Particulars	As at March 31, 2020		Remarks
	Cost or deemed cost (in Lakhs)	Carrying amount (in Lakhs)	
Freehold land located at Village Takwe (Budruk), Tal – Maval District – Pune admeasuring 21.39 Acres	8.06	8.06	The land is held in Trust in the name of the Managing Director and one of the directors of the Company, who is also a relative of the Managing Director, on behalf of the Company and as confirmed by them.

- (ii) As explained to us, the inventories, excluding inventories with third parties, were physically verified during the year by the Management at reasonable intervals (including the verifications conducted by the Management subsequent to the year end on account of COVID-19 related lockdown) and no material discrepancies were noticed on physical verification. Inventories lying with third parties as at March 31, 2020 have been confirmed by them to the Company.
- (iii) According to the information and explanations given to us, in respect of loans granted by the Company, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013:
- (a) The Company has not granted any loan during the year ended March 31, 2020 and hence reporting under clause 3(iii)(a) of the Order is not applicable.
- (b) The Company had, in the previous year, granted an unsecured loan repayable on demand to a Company which is an associate. In the absence of repayment schedule of principal and interest being stipulated, we are unable to comment on the regularity of the repayments or receipts of principal amounts and interest.
- (c) As stated above, the schedule of repayment of principal and payment of interest is not stipulated. The Company during the previous year, made an allowance of ₹37 Lakhs to fully impair the loan. Interest was not being accrued on this loan. As explained to us, the Company’s management is not taking any steps for recovery of the principal and interest.
- According to the information and explanations given to us, apart from the above, the Company has not granted loans, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable. During the year, the Company has not granted any loan covered under section 185 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit to which the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are applicable and hence reporting under clause 3(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 cost records maintained by the Company pursuant to the Companies (Cost Records

and Audit) Rules, 2014, as amended, prescribed by the Central Government under section 148(1) of the Companies Act, 2013, and are of the opinion that, prime facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs duty, Goods and Services

Tax and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs duty, Goods and Services Tax and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of Sales Tax and Service Tax on account of disputes as on March 31, 2020 are given below:

Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ In Lakhs)*	Amount paid under protest (₹ In Lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
The Gujarat Sales Tax Act	Sales tax and penalty	Sales Tax Appellate Tribunal	1992-1994	4.63	-
Central Excise Act, 1944	Service tax and penalty	High Court, Bombay	2000-2001	18.75	3.75

*Net of amount paid under protest disclosed in column (6)

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loans or borrowings from government and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties identified by the Management of the Company and the details of related

party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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

For Deloitte Haskins & Sells LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani

Partner

(Membership No. 36920)

(UDIN: 20036920AAAACU7943)

Place: Mumbai

Date: August 28, 2020

Standalone Balance Sheet as at March 31, 2020

(₹ in Lakhs)

	Notes	March 31, 2020	March 31, 2019 (Refer note 1.2)
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	10,395.19	9,722.81
(b) Capital work-in-progress		6,707.51	2,072.16
(c) Right-of-use assets	4	1,615.70	-
(d) Investment property	5	7,075.00	7,330.56
(e) Goodwill		411.65	411.65
(f) Other Intangible assets	6	184.06	230.20
(g) Intangible assets under development		369.38	85.99
(h) Investments			
i) Investments in subsidiaries	7A	85.30	65.97
ii) Investments in an associate	7B	-	-
(i) Financial assets			
(i) Investments	7C	25.60	61.78
(ii) Share application money	8	-	597.00
(iii) Loans	9	25.00	25.32
(iv) Other financial assets	10	405.68	462.75
(j) Deferred tax assets (net)	46C	3,809.95	1,931.11
(k) Non-current tax assets (net)	11	906.59	332.21
(l) Other non-current assets	12	698.88	2,241.39
Total non-current assets		32,715.49	25,570.90
Current assets			
(a) Inventories	13	11,354.43	8,766.53
(b) Financial assets			
(i) Investments	14	-	114.79
(ii) Trade receivables	15	7,744.28	6,560.18
(iii) Cash and cash equivalents	16	677.41	4,036.27
(iv) Bank balances other than (iii) above	17	2,559.54	5,036.92
(v) Loans	18	2,130.00	1,180.26
(vi) Other financial assets	19	1,294.12	259.50
(c) Other current assets	20	2,485.79	3,571.73
Total current assets		28,245.57	29,526.18
TOTAL ASSETS		60,961.06	55,097.08
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	21	1,442.37	458.64
(b) Equity shares pending issuance		-	22.15
(c) Other equity	22	29,817.82	24,467.88
Total equity		31,260.19	24,948.67
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	10,178.67	13,520.93
(ii) Lease liabilities	44	450.96	-
(iii) Other financial liabilities	24	59.44	185.18
(b) Provisions	25	405.83	630.94
(c) Other non-current liabilities	26	54.93	133.41
Total non-current liabilities		11,149.83	14,470.46
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	27	10,433.30	6,021.25
(ii) Lease liabilities	44	105.19	-
(iii) Trade payables			
(A) Total outstanding dues of micro and small enterprises and;	50	98.01	97.89
(B) Total outstanding dues of creditors other than micro and small enterprises		4,619.37	4,246.45
(iv) Other financial liabilities	28	2,973.78	4,252.78
(b) Other current liabilities	29	233.61	489.79
(c) Provisions	30	55.76	57.28
(d) Current tax liabilities (net)	31	32.02	512.51
Total current liabilities		18,551.04	15,677.95
TOTAL EQUITY AND LIABILITIES		60,961.06	55,097.08
See accompanying notes to the Standalone financial statements	1-64	-	-

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

For and on behalf of the Board of Directors of
Fermenta Biotech Limited (Formerly known as DIL Limited)

Krishna Datla
Managing Director

Satish Varma
Executive Director

Prashant Nagre
Chief Executive Officer

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Mumbai, August 28, 2020

Thane, August 28, 2020

Standalone Statement of Profit and Loss for the year ended March 31, 2020

(₹ in Lakhs)

	Notes	March 31, 2020	March 31, 2019 (Refer note 1.2)
Income			
Revenue from operations	32	30,050.65	40,467.34
Other income	33	1,231.32	1,233.94
Total income		31,281.97	41,701.28
Expenses			
Cost of materials consumed	34	10,296.33	10,320.06
Purchases of stock-in-trade		50.15	187.54
Changes in inventories of finished goods, stock-in-trade and work-in-progress	35	(2,078.85)	(1,282.35)
Employee benefits expense	36	5,003.15	5,317.79
Finance costs	37	1,932.04	2,065.31
Depreciation and amortisation expense	38	1,493.83	1,185.32
Other expenses	39	9,830.66	11,795.58
Total expenses		26,527.31	29,589.25
Profit before tax		4,754.66	12,112.03
Tax expense:			
Current tax	60	336.55	3,192.21
Deferred tax credit	46C & 60	(1,948.92)	(2,115.47)
Total tax expense		(1,612.37)	1,076.74
Profit for the year		6,367.04	11,035.29
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(a) (i) Remeasurements of defined benefit plan		240.63	(186.51)
(ii) Income tax relating to remeasurements of defined benefit plan		(70.07)	35.33
(b) Net fair value change in investment in equity instruments through other comprehensive income		11.34	2.57
Total other comprehensive income / (loss) for the year (a+b)		181.90	(148.61)
Total comprehensive income for the year		6,548.94	10,886.68
Earnings per equity share of ₹5 each (Post bonus)	21(a) & 43		
Basic (in ₹)		22.07	38.25
Diluted (in ₹)		21.96	38.24
See accompanying notes to the Standalone financial statements	1-64		

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered AccountantsRajesh K. Hiranandani
PartnerFor and on behalf of the Board of Directors of
Fermenta Biotech Limited (Formerly known as DIL Limited)Krishna Datla
Managing DirectorSatish Varma
Executive DirectorPrashant Nagre
Chief Executive OfficerSumesh Gandhi
Chief Financial OfficerSrikant N. Sharma
Company Secretary

Mumbai, August 28, 2020

Thane, August 28, 2020

Standalone Statement of Changes in Equity for the year ended March 31, 2020

(a) Equity share capital

(₹ in Lakhs)

	March 31, 2020	March 31, 2019 (Refer note 1.2)
Balance at the beginning of the year	458.64	229.32
Add: Issue of shares pursuant to scheme of amalgamation (Refer note 1.2)	22.15	-
Add: Issue of Bonus shares	961.58	229.32
Balance at the end of the year	1,442.37	458.64

(b) Other equity

(₹ in Lakhs)

	Reserves and Surplus						Retained earnings	Items of other comprehensive income Equity instruments through OCI	Total
	Unrealised gain/(loss) on dilution	Capital redemption reserve	Capital reserve pursuant to amalgamation	Capital reserve	General reserve	Share options outstanding account			
Balance as at April 01, 2018	-	-	-	1,140.00	4,171.15	-	923.88	7.56	6,242.59
Additions pursuant to scheme of amalgamation (Refer note 1.2)	(4,242.23)	70.00	1,074.20	-	565.55	-	10,184.16	1.70	7,653.38
Profit for the year	-	-	-	-	-	-	11,035.29	-	11,035.29
Recognition of share based payments	-	-	-	-	-	52.80	-	-	52.80
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	-	(138.25)	-	(138.25)
Utilised for issue of bonus shares	-	-	-	-	(229.32)	-	-	-	(229.32)
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	(151.18)*	2.57	(148.61)
Balance as at March 31, 2019	(4,242.23)	70.00	1,074.20	1,140.00	4,507.38	52.80	21,853.90	11.83	24,467.88
Profit for the year	-	-	-	-	-	-	6,367.04	-	6,367.04
Recognition of share based payments	-	-	-	-	-	554.69	-	-	554.69
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	-	(719.84)	-	(719.84)
Incremental expenses on amalgamation	-	-	-	-	-	-	(72.27)	-	(72.27)
Utilised for issue of bonus shares	-	-	-	-	(961.58)	-	-	-	(961.58)
Other comprehensive income for the year	-	-	-	-	-	-	170.56*	11.34	181.90
Balance as at March 31, 2020	(4,242.23)	70.00	1,074.20	1,140.00	3,545.80	607.49	27,599.39	23.17	29,817.82

*Represents remeasurement of defined benefit plan

See accompanying notes 1-64 to the Standalone financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors of
Fermenta Biotech Limited (Formerly known as DIL Limited)

Rajesh K. Hiranandani
Partner

Krishna Datla
Managing Director

Satish Varma
Executive Director

Prashant Nagre
Chief Executive Officer

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Mumbai, August 28, 2020

Thane, August 28, 2020

Standalone Cash Flow Statement for the year ended March 31, 2020

(₹ in Lakhs)

	March 31, 2020	March 31, 2019 (Refer note 1.2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax as per Statement of profit and loss	4,754.66	12,112.03
Adjustments for :		
Depreciation and amortisation expense	1,493.83	1,185.32
Net unrealised foreign exchange gain /(loss)	81.72	(139.41)
Loss on sale/write off of property, plant and equipment (net)	15.53	57.73
Allowance for doubtful debts	91.46	64.34
Allowance for doubtful inter-corporate deposit given to an associate	-	37.00
Share based payments to employees	554.69	52.80
Allowance for doubtful advances	31.96	3.24
Trade receivable and advances written off	42.33	27.39
Provision for impairment of non-current investment in associates and subsidiary (including share application money)	-	865.95
Impairment in the value of non-current investments	47.53	-
Loss on sale of shares of an associate	-	61.48
Net gain arising on financial assets measured at fair value through profit and loss	-	(8.90)
Gain on sale of financial assets - current investments	(4.81)	-
Finance costs	1,932.04	2,065.31
Interest income	(564.53)	(419.81)
Dividend income	(0.44)	(0.38)
Liabilities / provisions no longer required written back	(296.59)	-
Operating profit before working capital changes	8,179.38	15,964.09
Movements in working capital:		
(Increase)/decrease in trade receivables	(751.38)	261.91
Increase in inventories	(2,587.90)	(3,648.65)
(Increase)/decrease in other assets	476.01	(1,395.69)
Increase in trade payables	566.21	300.33
Increase in provisions	14.01	182.05
Increase / (decrease) in other liabilities	(1,521.63)	668.40
	4,374.70	12,332.44
Income taxes paid (net of refunds)	(1,391.41)	(3,281.61)
Net cash generated from operation (A)	2,983.29	9,050.83
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment, investment property, capital work-in-progress, intangible assets and intangible assets under development	(6,380.75)	(3,577.15)
Proceeds on sale of property, plant and equipment	-	53.72
Intercompany deposits given	(980.00)	(1,150.00)
Interest received	460.09	292.74
Proceeds from share application money received back	597.00	-
Proceeds from sale of current investments	119.60	-
Purchase of investments - In a subsidiary	(19.33)	-
Proceeds from sale of shares of an associate	-	37.00
Dividend received	0.44	0.38
Deposits with a financial institution	(300.00)	(300.00)
Deposits with banks not considered as cash and cash equivalents (net)	2,583.88	(5,014.66)
Net cash used in investing activities (B)	(3,919.07)	(9,657.97)

Standalone Cash Flow Statement for the year ended March 31, 2020

(₹ in Lakhs)

	March 31, 2020	March 31, 2019 (Refer note 1.2)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	3,085.98	1,317.95
Repayment of long term borrowings	(6,528.31)	(759.92)
Net increase in short term borrowings	1,688.96	2,852.31
Finance costs	(2,055.93)	(2,042.78)
Repayment of Lease Liabilities	(231.85)	-
Dividends paid	(597.16)	(121.67)
Dividend distribution tax paid	(124.42)	(23.57)
Net cash generated from / (used in) financing activities (C)	(4,762.73)	1,222.32
Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)	(5,698.51)	615.18
Cash and cash equivalents at the beginning of the year	3,802.03	3,186.85
Cash and cash equivalents at the end of the year	(1,896.48)	3,802.03
Components of cash and cash equivalents		
Cash on hand	4.31	3.34
Balances with banks:		
In current accounts	673.10	1,133.87
Deposits with original maturity of less than 3 months	-	2,899.06
Cash and cash equivalents (Refer note 16)	677.41	4,036.27
Cash credit and Bank overdraft facilities included under loans repayable on demand (Refer note 27)	(2,573.89)	(234.24)
Total cash and cash equivalents considered for cash flows	(1,896.48)	3,802.03
See accompanying notes to the Standalone financial statements 1-64		

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Mumbai, August 28, 2020

For and on behalf of the Board of Directors of
Fermenta Biotech Limited (Formerly known as DIL Limited)

Krishna Datla
Managing Director

Sumesh Gandhi
Chief Financial Officer

Thane, August 28, 2020

Satish Varma
Executive Director

Srikant N. Sharma
Company Secretary

Prashant Nagre
Chief Executive Officer

Notes to the Standalone financial statements for the year ended March 31, 2020

1.1 Corporate information

Fermenta Biotech Limited (Formerly Known as DIL Limited) ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1913. Its shares are listed on Bombay Stock Exchange. The registered office of the Company is located at A- 1501, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) 400610. The Company is engaged in the business of renting properties and manufacturing and marketing of chemicals, bulk drugs, enzymes, pharmaceutical formulations and environmental solution products. The Company caters to both domestic and international markets. The Company also has strategic investments in subsidiaries / associate companies primarily dealing in manufacturing and marketing bulk drugs and providing services of sporting and health awareness activities / education activities.

1.2 Scheme of amalgamation

The National Company Law Tribunal, Mumbai Bench, has approved the Scheme of Amalgamation between the Company and Fermenta Biotech Limited (FBL) and their respective shareholders. The Scheme has become effective from September 26, 2019. The appointed date of the Scheme is April 01, 2018. Accordingly, the effect of the Scheme has been given in these standalone financial statements for the year ended March 31, 2020 and the figures for the corresponding previous year have been restated. The amalgamation has been accounted as common control transaction in accordance with Appendix C of Ind AS 103 'Business Combinations'.

The remaining shareholders of erstwhile FBL (i.e. other than the Company) and the ESOP Trust of erstwhile FBL have been issued on October 10, 2019, 442,982 equity shares and 194,555 equity shares respectively, in the ratio of 100 shares of ₹5 each in the Company for every 251 shares of ₹10 each held in erstwhile FBL.

The name of the amalgamated company has been changed from DIL Limited to Fermenta Biotech Limited vide Certificate of Incorporation issued by the Registrar of Companies, Mumbai dated October 17, 2019.

2. Significant accounting policies

2.1 Statement of compliance

The standalone financial statements are prepared in accordance with and in compliance, in all material aspects, with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and other provisions of the Companies Act, 2013.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis, except for: (i) certain financial instruments that are measured at fair values at the end of each reporting period; and (ii) defined benefit plan – plan assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

(a) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, share based payment transactions that are within the scope of Ind AS 102 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The Company has consistently applied accounting policies to all periods presented in these Standalone financial statements.

Notes to the Standalone financial statements for the year ended March 31, 2020

(b) Operating cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets/liabilities and their realization/settlement in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

(c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(d) Foreign currencies

Foreign currency transactions

In preparing the standalone financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

(e) Borrowing costs

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

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(f) Employee Benefits

- i) Defined contribution plans: The Company contributes towards state governed provident fund scheme, employee state insurance scheme (ESIC) and labour welfare fund to all applicable employees and superannuation scheme for eligible employees. The Company has no further payment obligations once the contributions have been paid. Hence payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.
- ii) Defined benefit plan: The employees' gratuity fund scheme represents the defined benefit plan. The cost of providing benefits is determined using projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the assets (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Notes to the Standalone financial statements for the year ended March 31, 2020

Defined benefit costs are categorised as follows:

- i) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- ii) net interest expenses or income; and
- iii) remeasurement

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service cost.

iii) Share-based payments:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 58.

- (a) Includes impact of market performance conditions (e.g. entity's share price)
- (b) Excludes impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- (c) Excludes the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time)

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the "Share options outstanding account".

- (iv) Short term and other long term employee benefits: A liability is recognised for benefits accruing to employees in respect of wages, salaries and bonus in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long term employee benefits are actuarially measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

(g) Income Taxes

Income Tax expense represents the sum of the tax currently payable and deferred tax.

i) Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances

ii) Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under the Income Tax Act, 1961.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognized for all the 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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Standalone financial statements for the year ended March 31, 2020

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

iii) Presentation of current and deferred tax:

Current and deferred tax are recognized in the profit and loss, except when they relate to items that are recognised in Other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has 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.

(h) Revenue recognition

The Company derives revenues primarily from sale of manufactured chemicals, bulk drugs, enzymes, pharmaceutical formulations, environmental solution products and rental income from investment property. Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Amounts collected on behalf of third parties such as Goods and Services Tax are excluded from revenue.

Sale of Goods:

The Company recognises revenue when it transfers control of a product or service to a customer. The control of goods is transferred to the customer depending upon the incoterms or as agreed with customer or delivery basis. Control is considered to be transferred to the customer:

- when the customer has ability to direct the use of such goods and obtain substantially all the benefits from it such as following delivery,
- the customer has full discretion over the manner of distribution and price to sell the goods,
- the customer has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

Rental income from investment in property

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. 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.

Rendering of services:

Revenue from services rendered is recognised pro-rata over the period of the contract as the underlying services are performed.

Infrastructure support services, consists of maintenance of common area in the investment property and supply of essentials. Revenue from such services are recognised in accordance with the terms of the agreement entered into with individual lessees.

Interest and dividend:

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Notes to the Standalone financial statements for the year ended March 31, 2020

Interest on income tax refund is recognised on receipt of refund order.

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

Export Incentives:

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit under the Duty Drawback, Mercantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head "Other Operating Revenue" in the standalone statement of profit and loss and is accounted in the year of export.

(i) Property, plant and equipment (PPE)

The Company had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its property, plant and equipment.

Measurement at recognition:

Items of property, plant and equipment are stated in balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C of Schedule II of the Companies Act, 2013 and based on assessment / estimate made by management. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of property, plant and equipment are as follows:

Assets	Estimated useful life (in years)
Buildings	30-60
Lease hold improvements (included in buildings)	5-10
Plant and equipment	5-20
Office Equipment (included in plant and equipment)	5-6
Computers (included in plant and equipment)	3-6
Furniture and fixtures	6-10
Vehicles	8

(j) Investment property

The Company had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its investment property.

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured-initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 requirements for cost model.

Notes to the Standalone financial statements for the year ended March 31, 2020

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

- (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property
- (b) commencement of development with a view to sale, for a transfer from investment property to inventories
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property;
- (d) commencement of an operating lease to another party, for a transfer from inventories to investment property

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

The estimated useful lives of Investment property are as follows:

Assets	Estimated useful life (in years)
Building	60
Plant and equipment	15

(k) Intangible assets

(a) Intangible assets acquired separately

The Company had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its intangible assets.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from use or disposal. Any gain or loss arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in standalone statement of profit and loss when the assets is derecognised.

(b) Internally-generated intangible assets - Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An Internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if, all the below stated conditions are fulfilled:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (ii) its intention to complete the asset and use or sell it;
- (iii) its ability to use or sell the asset;
- (iv) how the asset will generate probable future economic benefits;
- (v) the availability of adequate resources to complete the development and to use or sell the asset; and
- (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

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

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

The estimated useful lives of intangible assets are as follows:

Assets	Estimated useful life (in years)
Computer software	3-6
Product know-how	3-5

Notes to the Standalone financial statements for the year ended March 31, 2020

(l) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the assets belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for a reasonable and consistent allocation basis to be identified.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) in the case of an individual asset, at the higher of the net selling price and the value in use; and
- (ii) in the case of a cash generating unit (a Group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

[The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Company suitably adjusted for risks specified to the estimated cash flows of the asset.]

For this purpose, a cash generating unit is ascertained as the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

If recoverable amount of an asset (or a cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the standalone statement of profit and loss.

(m) Impairment of goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Any impairment loss for goodwill is recognised directly in profit or loss and is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(n) Inventories

Inventories consisting of raw materials and packing materials, work-in-progress, stock-in-trade and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost of raw materials and packing materials and stock-in-trade comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

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

Notes to the Standalone financial statements for the year ended March 31, 2020

(o) Financial instruments

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

Financial assets

Initial recognition and measurement:

All financial assets are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial asset on initial recognition. Transaction costs directly attributable to the acquisition of financial assets as at fair value through profit or loss are recognised immediately in profit or loss. All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales of financial assets are financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories -

- (1) Debt instruments at amortised cost
- (2) Debt instruments at fair value through other comprehensive income (FVTOCI)
- (3) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- (4) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

(1) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest 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 of the Statement of profit and loss. The losses arising from impairment are recognised in the Statement of profit or loss.

(2) Debt instrument at FVTOCI

A 'debt instrument' is measured as at FVTOCI, if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the contractual terms of the instrument that give rise on specified dates to cash flows that are SPPI 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 recognise interest income, impairment losses and reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

(3) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

(4) Equity Instruments

All equity Instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

Notes to the Standalone financial statements for the year ended March 31, 2020

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, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- 1) The contractual rights to receive cash flows from the asset have expired, or
- 2) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) The Company has transferred substantially all the risks and rewards of the asset, or
 - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement; in that case the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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, trade receivables, other contractual rights to receive cash or other financial assets, and guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit adjusted effective interest rate for purchase or originated credit-impaired financial assets). The Company estimates cash flow by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if the default occurs within the 12-months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12-months.

If the Company's measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risks has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Notes to the Standalone financial statements for the year ended March 31, 2020

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Financial liabilities and equity instruments

Classification as debts or equity:

Debts and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue cost.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

Initial recognition and measurement:

All financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities as at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement:

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit, or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit and loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in note 51.

Notes to the Standalone financial statements for the year ended March 31, 2020

Financial liabilities at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

Offsetting of financial instruments

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

(p) Leasing

The Company has applied Ind AS 116 – Leases which is effective on or after April 1, 2019.

The Company as a lessee:

The Company's lease asset classes primarily consist of leases for Residential premises, Office Premises, Godown, Industrials land and Vehicle. The Company assesses whether a contract contains a lease, at inception of a contract.

At the date of commencement of the lease, the Company recognizes 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 recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The right-of-use assets and lease liability is initially measured 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.

The lease payments that are not paid at the commencement date are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

- Fixed lease payments (including in-substance fixed payments) payable during the lease term and under reasonably certain extension options, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components when bifurcation of the payments is not available between the two components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient. Contingent and variable rentals are recognized as expense in the periods in which they are incurred.

Notes to the Standalone financial statements for the year ended March 31, 2020

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are initially recognized 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. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Ind AS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Extension and termination options are included in many of the leases. In determining the lease term the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise 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.

Effective April 1, 2019, the Company has adopted IND AS 116 "Leases" and applied to lease contracts existing on April 1, 2019, by electing 'retrospective approach with the cumulative effect at the date of initial application'. The impact of adoption of the standards is not material on the profit after tax for the year ended March 31, 2020 in the standalone financial statements.

Also refer Note 44.

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

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Ind AS 116 does not change substantially how a lessor accounts for leases. Under Ind AS 116, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, Ind AS 116 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Accounting under Ind AS 17 "Leases" up to March 31, 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee:

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Notes to the Standalone financial statements for the year ended March 31, 2020

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs [see note 2(e) above]. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(q) Provisions, contingent liabilities and contingent assets

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows when the effect of the time value of money is material.

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

Contingent assets are not recognized in the financial statements of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(r) Earnings per share

The Company presents basic and diluted earnings per share data for its equity shares.

Basic earnings per share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. Diluted earnings per share is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

(s) Cash and cash equivalents:

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

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of cash credit balances and bank overdrafts as they are considered an integral part of the Company's cash management.

(t) Operating segments:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments of the Company and accordingly is identified as the chief operating decision maker.

(u) Cash dividends to equity holders

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

Notes to the Standalone financial statements for the year ended March 31, 2020

(v) Use of estimates and judgements

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, 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 financial statements is included in the following notes:

Fair value measurement of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions.

Useful lives of property, plant and equipment, investment property and intangible assets:

Property, plant and equipment, investment property and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time when the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Assets and obligations relating to employee benefits:

The employment benefit obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of employment benefit obligations.

Tax expense: [refer note 2(g) and note 46]

The Company's tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes, if any, including amount expected to be paid/recovered for uncertain tax positions. Further, significant judgement is exercised to ascertain amount of deferred tax asset (DTA) that could be recognised based on the probability that future taxable profits will be available against which DTA can be utilized and amount of temporary difference in which DTA cannot be recognised on want of probable taxable profits.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists

Valuation of investment property [refer note 57]

Impairment of tangible and intangible assets other than goodwill [refer note 2(i)]

Impairment of Goodwill [Refer note 2(m)]

Provisions: [refer note 2(q)]

Write down in value of inventories: (refer note 13)

Estimation of uncertainty relating to COVID-19 global health pandemic – (Refer note 63)

Notes to the Standalone financial statements for the year ended March 31, 2020

3 Property, plant and equipment

(₹ in Lakhs)

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Leasehold Improvements	Total
At cost or deemed cost as at April 01, 2018	20.79	608.89	240.98	179.54	99.38	192.77	1,342.35
Additions pursuant to scheme of amalgamation (Refer note 1.2)	34.30	3,116.43	5,793.82	106.07	130.99	-	9,181.61
Additions	-	63.73	927.32	135.70	91.11	-	1,217.86
Disposals	-	(130.86)	(81.42)	(18.21)	(45.27)	-	(275.76)
Transfer from Investment property	-	410.63	136.56	-	-	-	547.19
Transfer to Investment property	(20.79)	-	-	-	-	-	(20.79)
Balance as at March 31, 2019	34.30	4,068.82	7,017.26	403.10	276.21	192.77	11,992.46
Additions	-	119.17	1,289.65	24.55	13.92	254.74	1,702.03
Disposals	-	-	(15.09)	-	(10.20)	-	(25.29)
Balance as at March 31, 2020	34.30	4,187.99	8,291.82	427.65	279.93	447.51	13,669.20
Accumulated depreciation							
As at April 01, 2018	-	21.58	35.20	37.33	51.04	19.38	164.53
Additions pursuant to scheme of amalgamation (Refer note 1.2)	-	309.07	976.67	27.71	45.46	-	1,358.91
Depreciation expense	-	203.99	577.71	51.33	33.54	9.69	876.26
Disposals	-	(72.04)	(46.71)	(11.27)	(34.27)	-	(164.29)
Transfer from Investment property	-	16.67	17.57	-	-	-	34.24
Balance as at March 31, 2019	-	479.27	1,560.44	105.10	95.77	29.07	2,269.65
Depreciation expense	-	182.35	678.12	70.61	32.39	50.89	1,014.36
Disposals	-	-	(3.69)	-	(6.31)	-	(10.00)
Balance as at March 31, 2020	-	661.62	2,234.87	175.71	121.85	79.96	3,274.01
Carrying amount							
As at March 31, 2019	34.30	3,589.55	5,456.82	298.00	180.44	163.70	9,722.81
As at March 31, 2020	34.30	3,526.37	6,056.95	251.94	158.08	367.55	10,395.19

(Refer Notes 23 and 27- For details of assets pledged as security)

4 Right-of-Use Assets

(₹ in Lakhs)

Particulars	Leasehold land	Buildings	Vehicles	Total
At cost as at April 01, 2019	1,055.85	546.50	149.01	1,751.36
Additions	-	-	17.20	17.20
Disposals	-	-	-	-
Balance as at March 31, 2020	1,055.85	546.50	166.21	1,768.56
Accumulated depreciation				
As at April 01, 2019	-	-	-	-
Depreciation expense	18.38	83.19	51.29	152.86
Balance as at March 31, 2020	18.38	83.19	51.29	152.86
Carrying amount				
As at March 31, 2020	1,037.47	463.31	114.92	1,615.70

(Refer Notes 23 and 27- For details of assets pledged as security)

(Refer Note 44)

Notes to the Standalone financial statements for the year ended March 31, 2020

5 Investment property

Particulars	(₹ in Lakhs)			
	Freehold land	Buildings	Plant and equipment	Total
At cost or deemed cost as at April 01, 2018	-	6,731.98	2,238.77	8,970.75
Pursuant to scheme of amalgamation (Refer note 1.2)	-	(288.16)	(95.83)	(383.99)
Additions	-	-	33.36	33.36
Transfer to Property, plant and equipment	-	(410.63)	(136.56)	(547.19)
Transfer from Property, plant and equipment	20.79	-	-	20.79
Balance as at March 31, 2019	20.79	6,033.19	2,039.74	8,093.72
Additions	-	-	-	-
Transfer to Property, plant and equipment	-	-	-	-
Transfer from Property, plant and equipment	-	-	-	-
Disposal	-	-	-	-
Balance as at March 31, 2020	20.79	6,033.19	2,039.74	8,093.72
Accumulated depreciation				
As at April 01, 2018	-	273.23	288.03	561.26
Pursuant to scheme of amalgamation (Refer note 1.2)	-	(11.70)	(12.33)	(24.03)
Depreciation expense	-	123.71	136.47	260.18
Transfer to Property, plant and equipment	-	(16.67)	(17.57)	(34.24)
Balance as at March 31, 2019	-	368.57	394.60	763.17
Depreciation expense	-	123.68	131.87	255.55
Balance as at March 31, 2020	-	492.25	526.47	1,018.72
Carrying amount				
As at March 31, 2019	20.79	5,664.62	1,645.14	7,330.56
As at March 31, 2020	20.79	5,540.94	1,513.27	7,075.00

Notes:

Land includes ₹8.06 lakhs, being cost of land held in trust by the managing director and one of the directors of the Company.

Refer notes 23 and 27 - For details of assets pledged as security

6 Other Intangible assets

Particulars	(₹ in Lakhs)		
	Computer software	Product know-how	Total
At cost or deemed cost as at April 01, 2018	3.78	-	3.78
Additions pursuant to scheme of amalgamation (Refer note 1.2)	266.57	46.37	312.94
Additions	54.68	13.35	68.03
Balance as at March 31, 2019	325.03	59.72	384.75
Additions	24.92	-	24.92
Balance as at March 31, 2020	349.95	59.72	409.67
Accumulated amortisation			
As at April 01, 2018	1.66	-	1.66
Additions pursuant to scheme of amalgamation (Refer note 1.2)	58.50	45.52	104.02
Amortisation expense	43.57	5.30	48.87
Balance as at March 31, 2019	103.73	50.82	154.55
Amortisation expense	66.61	4.45	71.06
Balance as at March 31, 2020	170.34	55.27	225.61
Carrying amount			
As at March 31, 2019	221.30	8.90	230.20
As at March 31, 2020	179.61	4.45	184.06

Notes to the Standalone financial statements for the year ended March 31, 2020

7A Investments in subsidiaries - in equity instruments unquoted (Fully paid up) (At cost less impairment in the value of investments, if any)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
a) G. I. Biotech Private Limited 6,250 Equity shares of ₹10/- each. (as at March 31, 2019: 6,250 Equity shares of ₹10/- each) (Refer note 1 below)	0.63	0.63
b) Fermenta Biotech (UK) Limited 220,001 Equity Shares of G.B.Pound 1/- each. (as at March 31, 2019: 220,001 Shares of G.B.Pound 1/- each) Less: Impairment in the value of investment	183.99 (148.65)	183.99 (148.65)
	35.34	35.34
c) Aegean Properties Limited 30,000 Equity shares of ₹100/- each (as at March 31, 2019: 30,000 Equity shares of ₹100/- each)	30.00	30.00
d) C.C. Square Films Limited 50,000 Equity shares of ₹10/- each. (as at March 31, 2019: 50,000 Equity shares of ₹10/- each.) Less: Impairment in the value of investment	5.00 (5.00)	5.00 (5.00)
	-	-
e) Fermenta Biotech GmbH 25,000 Equity shares of Euro 1/- each. (as at March 31, 2019: Nil)	19.33	-
	85.30	65.97
Aggregate amount of unquoted investments before impairment	238.95	219.62
Aggregate amount of impairment in value of investments	153.65	153.65

Notes

- During the year ended March 31, 2009, the Company had entered into an agreement for transfer of the throat lozenge business along with the trademark "Astrasept" and the related movable assets for a consideration of ₹8.00 lakhs to its wholly owned subsidiary G.I. Biotech Private Limited (G.I.). Simultaneously, the Company also entered into a share transfer agreement with Ronator Investments Limited (R I), a company incorporated under the legal provisions of Cyprus, to transfer its entire shareholding in G.I in four instalments to be completed by February 10, 2009 for a total consideration of USD 4.00 lakhs. In accordance with the share transfer agreement, the Company sold 3750 shares for consideration of USD 1.50 lakhs and recorded a profit of ₹70.60 lakhs in the year ended March 2009. The time limit stipulated for completion of the share transfer agreement and completion of transaction was extended till March 31, 2020.
- These investments are held in the name of the Company.

7B Investment in associate - In equity instruments Unquoted (Fully paid up) (At cost less impairment in value of investments, if any)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Health and Wellness India Private Limited 30,12,504 Equity shares of ₹10/- each (as at March 31, 2019 - 30,12,504 Equity shares of ₹10/- each) Less: Impairment in the value of investment	475.00 (475.00)	475.00 (475.00)
	-	-
Aggregate amount of unquoted investments before impairment.	475.00	475.00
Aggregate amount of impairment in value of investments.	475.00	475.00

7C Investments (non-current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Investment in other entities - In equity instruments:		
(i) Unquoted Investments (all fully paid up)		
(a) Investments in equity instruments at FVTOCI		
Shivalik Solid Waste Management Limited 20,000 Equity shares of ₹10/- each. (as at March 31, 2019: 20,000 Equity shares of ₹10/- each)	4.11	4.11
Zela Wellness Private Limited [Refer note 59 (a)] 58,048 Equity shares of ₹10/- each. (as at March 31, 2019: 58,048 Equity shares of ₹10/- each)	126.52	126.52

Notes to the Standalone financial statements for the year ended March 31, 2020

7C Investments (non-current) (contd.)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Less: Impairment in the value of investment	(126.52)	(78.99)
	-	47.53
(b) Investments in equity instruments at FVTPL		
Biodil Marsing Private Limited		
59,000 Equity shares of ₹10/- each. (as at March 31, 2019: 59,000 Equity shares of ₹10/- each)	5.90	5.90
Less: Impairment in the value of investment	(5.90)	(5.90)
	-	-
Total aggregate unquoted investments (A)	4.11	51.64
(ii) Quoted Investment (all fully paid)		
Investment in equity instruments at FVTOCI		
Abbott India Limited	21.49	10.14
139 Equity shares of ₹10/- each. (as at March 31, 2019: 139 Equity shares of ₹10/- each)		
Total aggregate quoted investments (B)	21.49	10.14
Total Non-current investments (A+B)	25.60	61.78
Aggregate carrying value of unquoted investments before impairment	136.53	136.53
Aggregate amount of quoted investments and market value thereof	21.49	10.14
Aggregate amount of impairment in value of investments	132.42	84.89

8 Share application money

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Health and Wellness India Private Limited	309.86	309.86
Less: Impairment in the value of share application money	(309.86)	(309.86)
Noble Explochem Limited [Refer note 59 (b)]	-	597.00
Total	-	597.00

9 Loans (Non-current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Loan to employees, considered good - unsecured	25.00	25.32
Inter corporate deposit - considered doubtful - unsecured	37.00	304.83
Less : Allowance for doubtful inter corporate deposit	(37.00)	(304.83)
Total	25.00	25.32
Amount outstanding as at year end		
- Health and Wellness India Private Limited	37.00	37.00
Maximum amount outstanding during the year		
- Health and Wellness India Private Limited	37.00	37.00
The Inter corporate deposit was granted to an associate for the purpose of their business.		
Movement in the Allowance for doubtful inter corporate deposit		
Balance at the beginning of the year	304.83	267.83
Addition during the year	-	37.00
Written back during the year	(80.00)	-
Written off during the year	(187.83)	-
Balance at the end of the year	37.00	304.83

Notes to the Standalone financial statements for the year ended March 31, 2020

10 Other financial assets (Non-current)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Security deposits	139.68	126.33
Bank deposits with remaining maturity of more than 12 months*	13.76	122.00
Deposits with a financial institution	200.00	200.00
Interest accrued but not due from banks	3.10	-
Interest accrued but not due from a financial institution	32.39	13.57
Others	16.75	0.85
Total	405.68	462.75
*This includes deposits		
held in the form of Debt Security Reserve (DSR) with Kotak Mahindra Bank Limited	-	110.00
kept for fund based bank guarantee with Bank of Baroda	1.00	-
kept for fund based bank guarantee with Union Bank of India	12.76	12.00

11 Non-current tax assets (net)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Advance income-tax (net of provision for tax)	906.59	332.21
Total	906.59	332.21

12 Other assets (Non-current)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Capital advances	612.19	1,002.47
Advances recoverable in cash or kind		
Unsecured considered good	-	45.91
Unsecured, considered doubtful	19.01	19.01
	19.01	64.92
Less: Allowance for doubtful advances	(19.01)	(19.01)
	-	45.91
Unamortised lease premium	-	1,018.95
Deferred rent	8.43	39.89
Balance with government authorities	3.75	3.75
Prepaid expenses	74.51	130.42
Total	698.88	2,241.39

13 Inventories

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
(At lower of cost and net realisable value)		
Raw materials and packing materials (includes stock in transit of ₹490.14 Lakhs) (as at March 31, 2019: ₹66.11 Lakhs)	4,461.92	4,050.21
Work-in-progress	5,140.05	2,939.87
Finished goods	1,361.22	1,482.55
Stores and spares	391.24	293.90
Total	11,354.43	8,766.53

Notes :

- The cost of inventories recognised as an expense is disclosed in notes 34, 35, 39 and as purchase of stock-in-trade in the Standalone statement of profit and loss.
- Inventory write downs are accounted considering the nature of inventory, ageing, liquidation plan and net realisable value. Write downs of inventories amounted to ₹19.07 Lakhs (as at March 31, 2019: ₹17.43 Lakhs). The changes in write downs are recognised as an expense in the Standalone statement of profit and loss.

Notes to the Standalone financial statements for the year ended March 31, 2020

14 Investments (Current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
In Mutual funds at FVTPL*		
Unquoted investments (Units of ₹10 each fully paid)		
Union Capital Protection Oriented Fund - Series 7		
Nil units (as at March 31, 2019 - 10,00,000)	-	114.79
Total	-	114.79

* Investments in mutual funds have been fair valued at the closing net asset value (NAV).

15 Trade receivables (unsecured)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Considered good	7,744.28	6,560.18
Credit Impaired	366.61	308.73
	8,110.89	6,868.91
Less : Allowance for doubtful debts (Expected credit loss allowance)	(366.61)	(308.73)
Total	7,744.28	6,560.18
Movement in the expected credit loss allowance		
Balance at the beginning of the year	308.73	1,033.63
Addition during the year	91.46	64.34
Written off during the year	-	(789.24)
Reversal during the year	(33.58)	-
Balance at the end of the year	366.61	308.73

16 Cash and cash equivalents

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Balances with banks		
In current accounts	673.10	1,133.87
In deposit accounts with original maturity for less than 3 months	-	2,899.06
Cash on hand	4.31	3.34
Total	677.41	4,036.27

17 Bank balances other than cash and cash equivalents

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Balances with banks		
In Unpaid Dividend accounts	13.51	15.25
In escrow account	3.70	-
In deposit accounts with original maturity for more than 3 months but less than 12 months*	2,542.33	5,021.67
Total	2,559.54	5,036.92

*This includes deposits held under lien by bank against guarantees and other commitments amounting to ₹1,947.61 Lakhs (as at March 31, 2019: ₹560.69 Lakhs)

18 Loans (Current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Unsecured, considered good		
Inter corporate deposit # [Refer note 62]		
D.K.Biopharma Private Limited	2,130.00	1,150.00
Loans to employees	-	30.03
Others	-	0.23
Total	2,130.00	1,180.26

The inter-corporate deposits were granted to the entity for the purpose of its business.

Notes to the Standalone financial statements for the year ended March 31, 2020

19 Other financial assets (Current)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Interest accrued but not due		
On fixed deposits from banks	20.17	99.48
On fixed deposits with a financial institution	11.54	5.53
On Inter corporate deposits (Refer note 62)	198.88	43.05
Deposits with a financial institution*	400.00	100.00
Expenses recoverable from a related party	655.50	-
Others		
Unsecured, considered good	8.03	11.44
Unsecured, considered doubtful	1.18	1.18
Less: Allowance for doubtful advances	(1.18)	(1.18)
	8.03	11.44
Total	1,294.12	259.50

*Deposits kept under lien with Bajaj finance limited amounting to ₹400 Lakhs (as at March 31, 2019: ₹ Nil Lakhs)

20 Other current assets

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Advance for supply of goods and services		
Considered good	415.97	368.25
Considered doubtful	36.36	4.41
Less: Allowance for doubtful advances	(36.36)	(4.41)
	415.97	368.25
Deferred rent	3.42	17.13
Prepaid expenses	179.79	194.21
Unamortised lease premium	-	18.16
Travel advances to employees	28.71	6.02
Export incentive receivables		
Considered good	488.26	1,500.43
Considered doubtful	3.24	3.24
Less: Allowance for doubtful export incentive receivables	(3.24)	(3.24)
	488.26	1,500.43
Balances with government authorities	1,369.64	1,462.80
Others	-	4.73
Total	2,485.79	3,571.73
Movement in the Allowance for doubtful advances and export incentive receivables.		
Balance at the beginning of the year	7.65	30.94
Addition during the year	31.96	3.24
Written off during the year	-	(26.53)
Reversal during the year	(0.01)	-
Balance at the end of the year	39.60	7.65

21 Equity share capital

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Authorised		
498,40,000 Equity shares of ₹5/- each (as at March 31, 2019 -98,40,000 Equity shares of ₹5/- each)	2,492.00	492.00
1,60,000 Unclassified shares of ₹5/- each (as at March 31, 2019 -1,60,000 Unclassified shares of ₹5/- each)	8.00	8.00
	2,500.00	500.00
Issued, subscribed and fully paid-up		
29,430,987 Equity shares of ₹5/- each (as at March 31, 2019 - 91,72,792 Equity shares of ₹5/- each)	1,471.55	458.64
Less: 5,83,665 Equity shares held by FBL ESOP Trust (as at March 31, 2019 Nil) [Refer note (e) below]	(29.18)	-
	1,442.37	458.64

Notes to the Standalone financial statements for the year ended March 31, 2020

21 Equity share capital (contd.)

(a) Reconciliation of shares outstanding at the beginning and at the end of the year (excluding share pending issuance)

	March 31, 2020		March 31, 2019	
	No of Equity Shares	₹ In Lakhs	No of Equity Shares	₹ In Lakhs
At the beginning of the year	91,72,792	458.64	22,93,198	229.32
Add: Split of Shares	-	-	22,93,198	-
Add: Issue of shares pursuant to scheme of amalgamation (Refer note 1.2)	4,42,982	22.15	-	-
Add: Issue of Bonus Shares	1,92,31,548	961.58	45,86,396	229.32
At the end of the year	2,88,47,322	1,442.37	91,72,792	458.64

During the year, the Company has allotted bonus equity shares in the ratio of two fully paid up equity share of ₹5/- each for every one existing fully paid up equity share of ₹5/- each held by the members, which has been approved by the shareholders through postal ballot. The record date for implementation of above corporate events was fixed on February 14, 2020. In view of the above, the company's revised paid up capital as at March 31, 2020 is ₹1,442.37 Lakhs consisting of 28,847,322 equity shares of ₹5/- each (net of ₹29.18 Lakhs consisting of 5,83,665 equity share of ₹5/- each held by ESOP Trust) as against paid up share capital and share pending issuance of ₹480.79 Lakhs consisting of 9,615,774 equity shares of ₹5/- each pertaining to previous year.

The earnings per share has been adjusted for previous year presented in accordance with Ind AS 33 Earnings per Share prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder (Refer note 43).

During the previous year, the Company has split the face value of equity shares of the Company from face value of ₹10/- per share to face value of ₹5/- per share and thereafter has also allotted bonus equity shares in the ratio of one fully paid up equity share of ₹5/- each for every one existing fully paid up equity share of ₹5/- each held by the members, which has been approved by the shareholders through postal ballot. The record date for implementation of above corporate events was fixed on August 09, 2018. In view of the above, the Company's revised paid up share capital as at March 31, 2019 is ₹458.64 Lakhs consisting of 91,72,792 equity shares of ₹5/- each.

(b) Details of shareholders holding more than 5% equity shares in the Company (excluding share pending issuance)

Name of the shareholders	March 31, 2020		March 31, 2019	
	No. of Equity Shares	% Holding	No. of Equity Shares	% Holding
DVK Investments Private Limited, the Holding Company	1,50,75,318	51.22%	49,44,940	53.91%
Mr. Krishna Datla	24,19,074	8.22%	7,96,000	8.68%

(c) Shares held by Holding Company

Out of the equity shares issued by the Company, shares held by its Holding Company are as below:

Name of the shareholders	March 31, 2020		March 31, 2019	
	No. of Equity Shares	% Holding	No. of Equity Shares	% Holding
DVK Investments Private Limited, the Holding Company	1,50,75,318	51.22%	49,44,940	53.91%

(d) Rights, preferences and restrictions

The Company has issued only one class of equity shares having par value of ₹5/- per share (March 31, 2019; - ₹5/- per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays the dividend in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to shareholders' approval in the ensuing Annual General Meeting, except in case of interim dividend.

During the year, the Board of directors have declared an interim dividend of 100% (₹5.00 per equity share of ₹5/- each) for the financial year 2019-20 which has been paid during the year.

During the previous year, the Company had recommended dividend at the rate 25% (₹1.25 per equity share of ₹5/- each) for financial year 2018-19 which has been paid during the year (Refer note 56)

Notes to the Standalone financial statements for the year ended March 31, 2020

21 Equity share capital (contd.)

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

(e) FBL ESOP Trust :

The Company has formulated Employee Stock Option Scheme namely Fermenta Biotech Limited - Employee Stock Option 2019 (ESOP 2019) in terms of the Scheme of amalgamation of erstwhile FBL with the Company. The equity shares are held by FBL ESOP Trust (Refer note 58).

	March 31, 2020	March 31, 2019
	No. of Equity Shares	No. of Equity Shares
Outstanding at the beginning of the year	-	-
Issue of shares pursuant to scheme of amalgamation (Refer Note 1.2)	-	-
Issue of Bonus shares	1,94,555	-
Outstanding at the end of the year	3,89,110	-
	5,83,665	-

22 Other equity

	Reserves and Surplus							Items of other comprehensive income	Total
	Unrealised gain/(loss) on dilution	Capital redemption reserve	Capital reserve pursuant to amalgamation	Capital reserve	General reserve	Share options outstanding account	Retained earnings	Equity instruments through OCI	
Balance as at April 01, 2018	-	-	-	1,140.00	4,171.15	-	923.88	7.56	6,242.59
Pursuant to scheme of amalgamation (Refer note 1.2)	(4,242.23)	70.00	1,074.20	-	565.55	-	10,184.16	1.70	7,653.38
Profit for the year	-	-	-	-	-	-	11,035.29	-	11,035.29
Recognition of share based payments	-	-	-	-	-	52.80	-	-	52.80
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	-	(138.25)	-	(138.25)
Utilised for issue of bonus shares	-	-	-	-	(229.32)	-	-	-	(229.32)
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	(151.18)*	2.57	(148.61)
Balance as at March 31, 2019	(4,242.23)	70.00	1,074.20	1,140.00	4,507.38	52.80	21,853.90	11.83	24,467.88
Profit for the year	-	-	-	-	-	-	6,367.04	-	6,367.04
Recognition of share based payments	-	-	-	-	-	554.69	-	-	554.69
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	-	(719.84)	-	(719.84)
Incremental expenses on amalgamation	-	-	-	-	-	-	(72.27)	-	(72.27)
Utilised for issue of bonus shares	-	-	-	-	(961.58)	-	-	-	(961.58)
Other comprehensive income for the year	-	-	-	-	-	-	170.56*	11.34	181.90
Balance as at March 31, 2020	(4,242.23)	70.00	1,074.20	1,140.00	3,545.80	607.49	27,599.39	23.17	29,817.82

*Represents remeasurement of defined benefit plan

Description of nature and purpose of each reserve

Unrealised gain/(loss) on dilution: This reserve represents unrealised gain/(loss) due to change in the shareholdings in a subsidiary.

Notes to the Standalone financial statements for the year ended March 31, 2020

22 Other equity (contd.)

Capital redemption reserve: This reserve was created for redemption of preference shares of ₹70.00 lakhs in the financial year 2010-2011.

Capital reserve pursuant to amalgamation: This reserve created consequent to amalgamation of a subsidiary with the Company.

Capital reserve: Capital reserve was created in the financial years 1995-96 and 1996-97 pursuant to sale of the Company's brands for which non compete fees were received and treated as a capital receipt.

General reserve: This reserve arises on transfer portion of the net profit pursuant to earlier provision of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

Share options outstanding account: The fair value of the equity settled share based payment transactions is recognised to share options outstanding account.

Retained earnings: Profits generated by the Company that are not distributed to shareholders as dividends but are reinvested in the business.

Equity instruments through other comprehensive income: This represents the cumulative gains / losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

23 Borrowings (Non-current)

	(₹ in Lakhs)			
	March 31, 2020		March 31, 2019	
	Non-current	Current	Non-current	Current
Secured				
Term Loans				
From Banks				
For Dahej facility [Refer note below (a)]	-	65.45	64.84	200.00
For Dahej facility [Refer note below (b)]	1,367.16	482.34	736.66	44.24
For Dahej facility [Refer note below (c)]	1,523.62	508.09	-	-
For R & D Thane / registered office [Refer note below (d)]	-	-	-	46.51
For Vehicles [Refer note below (e)]	7.07	6.06	13.14	5.52
From others				
For business operations [Refer note below (f)]	-	-	3,076.46	680.00
For business operations [Refer note below (g)]	2,953.88	-	4,958.00	-
For business operations [Refer note below (h)]	4,326.94	355.11	4,671.83	351.06
	10,178.67	1,417.05	13,520.93	1,327.33
Amount disclosed under the head "Other current financial liabilities" (Refer note 28)	-	(1,417.05)	-	(1,327.33)
Total	10,178.67	-	13,520.93	-

Notes

- Term loan for expansion of Dahej facility is taken from Union Bank of India with interest rate MCLR + 2% effective rate for the current year is between 10.00% to 10.60% (previous year effective rate was 10.65%) repayable in 48 equal monthly instalments starting from November-2016. The said term loan is secured by way of first pari-passu charge on property, plant and equipment procured with the financial assistance of the term loan and by equitable mortgage of factory land and buildings at Dahej and Kullu.
- Term loan (External Commercial Borrowing) is taken from Yes Bank Limited for financing the capital expenditure for new project at Dahej SEZ with interest rate EURIBOR plus 3.5% (effective rate 3.5%), repayable in 48 equal monthly instalments starting from February 2020. The said ECB loan is secured by way of first pari-passu charge on property, plant and equipment, second charge on entire current assets and by equitable mortgage of factory land and buildings at Dahej and Kullu and all movable property, plant and equipment of the Company except vehicles with Union Bank of India and Kotak Mahindra Bank.
- Term loan (Foreign Currency Term Loan and INR Term Loan) is taken from Union Bank of India for financing the capital expenditure for new project at Dahej SEZ with interest rate EURIBOR plus 3.10% (effective rate 3.10%) for FCTL, MCLR + 2% (effective rate 10.00% to 10.65%) for Rupee Term Loan repayable in 48 equal monthly instalments starting from April 2020. The said Loan is secured by way of first pari-passu charge on property, plant and equipment, second charge on entire current assets and by equitable mortgage of factory land and buildings at Dahej and Kullu and all movable property, plant and equipment of the Company except vehicles with Yes Bank Limited and Kotak Mahindra Bank Limited.

Notes to the Standalone financial statements for the year ended March 31, 2020

23 Borrowings (Non-current) (contd.)

- d) Term loan for relocation of R & D units / registered office is taken from Union Bank of India with interest rate MCLR + 2.15% (effective rate 10.65%) repayable in 48 equal monthly instalments starting from December-2015. The said term loan is secured by way of first pari-passu charge on property, plant and equipment procured with the financial assistance of the term loan and by equitable mortgage of factory land and buildings of Dahej and Kullu. The term loan has been repaid fully during the year.
- e) Vehicle loan is taken from the ICICI Bank Limited against hypothecation of the vehicles purchased, repayable in 60 monthly instalments starting from May-2017 with interest rates 9.37%, (previous year in the range of 9.37% to 14%)
- f) Term loan from Kotak Mahindra Investments Limited under the loan against property (LAP) scheme of ₹4,000 lakhs at interest rate of 11.00% to 12.25% p.a. payable in 15 quarterly instalments starting from March 31, 2019 and secured by way of equitable Mortgage of Ground, 14th, 15th and 16th floors of Thane One, land admeasuring approx. 45 acres located at Takawe, Pune (25 acres owned by Fermenta Biotech Limited (formerly DIL Limited) and balance 20 acres held in trust by the Managing Director of the Company and others), and pledge of 30% equity stake in the erstwhile Fermenta Biotech Limited. Further, the said loan has been guaranteed by the personal guarantee of the Managing Director of the Company and corporate guarantee of the Holding Company, DVK Investment Private Limited. This term loan has been paid fully during the year.
- g) Loan by way of discounting of lease rental of Thane One Building consisting of 1st floor to 13th floor from Bajaj Finance Limited the effective rate for the current year is 9.75% (previous year effective rate in the range of 9.25% to 9.75%) repayable after 156 months on August 15, 2030 in one instalment. The said loan is secured by hypothecation of the lease agreements of Thane One (consisting of 1st floor to 13th floor). Further the loan has been guaranteed by the personal guarantee of the Managing Director of the Company and the corporate guarantee of the Holding Company, DVK Investment Private Limited. During the year Company has repaid partial amount.
- h) Loan against property and loan by way of discounting of lease rental of Thane One Building consisting of 1st floor to 13th floor from Bajaj Finance Limited, the effective rate for the current year in the range of 10.00% to 10.32% (previous year effective rate in the range of 9.72% to 10.32%) The said loan is secured by hypothecation of the lease agreements of Thane One (consisting of 1st floor to 13th floor) and equitable mortgage of the premises at Ceejay House owned by Aegean Properties Limited (APL), a wholly owned subsidiary of the Company. Further these loans have been guaranteed by the personal guarantee of the Managing Director of the Company and the corporate guarantee of the holding company, DVK Investment Private Limited.

24 Other financial liabilities (Non current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Deposits from tenants	59.44	185.18
Total	59.44	185.18

25 Provisions (Non-current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Provisions for employee benefits:		
Gratuity [Refer note 45(c)]	104.10	275.32
Compensated absences	301.73	355.62
Total	405.83	630.94

26 Other liabilities (Non current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Deferred rent	54.93	133.41
Total	54.93	133.41

27 Borrowings (Current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Loans repayable on demand		
From banks (Secured)		
Cash credit and Bank overdraft	2,573.89	234.24
Packing credit	6,419.83	5,132.08
Short term working capital loan	1,439.58	-

Notes to the Standalone financial statements for the year ended March 31, 2020

27 Borrowings (Current) (contd.)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
From others (Unsecured)		
Inter corporate deposits (ICD) from Allegro Corporate Finance Advisors Pvt. Ltd.	-	404.93
Inter corporate deposits (ICD) from DVK Investments Pvt. Ltd, the Holding Company	-	250.00
Total	10,433.30	6,021.25

Packing credit, cash credit from Union Bank of India, are secured by first pari-passu charge on hypothecation of stocks, book debts and and by equitable mortgage of factory land and buildings at Dahej and Kullu and all moveable property, plant and equipment of the Company except vehicles with Yes Bank limited and Kotak Mahindra Bank Limited. The average interest rate for packing credit in foreign currency is 3.19% (EURO PCFC - EURIBOR+3%, USD PCFC - 6M LIBOR+3%) and average interest rate for cash credit is 10.00% to 10.65%.

Packing credit from Yes Bank Limited is secured by first pari-passu charge on current assets of the Company and by equitable mortgage of factory land and buildings at Dahej and Kullu and all moveable property, plant and equipment of the Company except vehicles with Union Bank of India and Kotak Mahindra Bank Limited. The average interest rate for packing credit in foreign currency is 2.75%.

Packing credit and cash credit facility from Kotak Mahindra Bank Limited is secured by First pari-passu charge on current assets, moveable property, plant and equipment of the Company and equitable mortgage of factory land and buildings at Dahej and Kullu with Union Bank of India and Yes Bank Limited (excluding the plant and building financed through term loan from Union Bank and Yes Bank). The average interest rate for packing credit in foreign currency is 2.5% and Cash credit is 10.50%

Short term working capital loan taken from Union Bank of India are secured against the lien of fixed deposits. The average interest rate is 7.90% .

ICD's from DVK Investments Pvt Ltd and Allegro Corporate Finance Advisors Pvt Ltd carried interest at rate of 12% p.a.

28 Other financial liabilities (Current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Current maturities of long term debts (Refer note 23)	1,417.05	1,327.33
Deposits from tenants	541.56	296.78
Interest accrued but not due on borrowings	43.15	223.57
Payable to employees / directors	562.96	1,797.26
Liability for capital expenditure	395.55	520.88
Unclaimed dividend	13.51	15.25
Due to others	-	71.71
Total	2,973.78	4,252.78

29 Other current liabilities

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Advances from customers	161.81	199.37
Statutory dues	21.30	204.62
Deferred rent	50.50	66.83
Others	-	18.97
Total	233.61	489.79

30 Provisions (Current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Provisions for employee benefit:		
Compensated absences	42.74	44.26
Other provisions		
Provision for share of loss in a joint venture in excess of cost of investment	13.02	13.02
Total	55.76	57.28

Notes to the Standalone financial statements for the year ended March 31, 2020

31 Current tax liabilities (net)

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Provision for income tax (net of advance tax)	32.02	512.51
Total	32.02	512.51

32 Revenue from operations

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Sale of products	27,480.88	37,593.72
Rent Income	1,378.20	1,230.11
Amortised deferred rent	62.22	70.34
Service income (infrastructure support services to tenants)	308.02	248.25
Sale of services	49.05	57.05
Other operating revenues		
Export incentive	738.31	1,241.45
Scrap sales	33.97	26.42
Total	30,050.65	40,467.34

33 Other income

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Interest income on financial assets carried at amortised cost:		
Bank deposits	379.85	337.52
Other financial assets	184.68	82.29
	564.53	419.81
Dividend income on investment in equity instruments designated as at fair value through other comprehensive income	0.44	0.38
Foreign exchange gain (net)	144.18	511.02
Net gain arising on financial assets measured at fair value through profit or loss	-	8.90
Gain on sale of financial assets - current investments	4.81	-
Insurance claims	20.06	290.88
Income from Sale of film rights	200.00	-
Liabilities / provisions no longer required written back	296.59	-
Miscellaneous income	0.71	2.95
Total	1,231.32	1,233.94

34 Cost of materials consumed

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Inventories of raw materials / packing materials at the beginning of the year	4,050.21	1,814.48
Add : Purchases	10,708.04	12,555.79
Less : Inventories of raw materials / packing materials at the end of the year	4,461.92	4,050.21
Total	10,296.33	10,320.06

35 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Inventories at the end of the year		
Work-in-progress	5,140.05	2,939.87
Finished goods	1,361.22	1,482.55
	6,501.27	4,422.42
Inventories at the beginning of the year		
Work-in-progress	2,939.87	2,225.09
Finished goods	1,482.55	914.98
	4,422.42	3,140.07
	(2,078.85)	(1,282.35)

Notes to the Standalone financial statements for the year ended March 31, 2020

36 Employee benefits expense

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Salaries and wages	3,760.88	4,665.07
Contribution to provident and other funds	220.54	180.64
Gratuity expense [Refer note 45]	92.74	44.78
Share based payments to employees [Refer note 58]	554.69	52.80
Staff welfare expenses	374.30	374.50
Total	5,003.15	5,317.79

37 Finance costs

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Interest on		
Term loans	1,207.13	1,501.72
Loans repayable on demand	449.10	195.98
Loans from related parties	4.60	26.93
Liabilities carried at amortised cost (Unwinding of interest)	98.84	116.59
Lease liabilities	56.54	-
Others	6.13	164.30
Other borrowing costs	109.70	59.79
Total	1,932.04	2,065.31

38 Depreciation and amortisation expense

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Depreciation on property, plant and equipment (Refer note 3)	1,014.36	876.28
Depreciation on right-of-use assets (Refer note 4)	152.86	-
Depreciation of investment property (Refer note 5)	255.55	260.17
Amortisation of intangible assets (Refer note 6)	71.06	48.87
Total	1,493.83	1,185.32

39 Other expenses

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
GST other than recovered on sales	123.69	121.68
Contract labour charges	426.23	402.09
Power and fuel	1,236.86	1,348.19
Processing charges	383.54	816.71
Repairs to buildings	59.49	128.78
Repairs to machinery	151.96	186.98
Stores and spare parts consumed	994.23	1,097.92
Water charges	36.88	39.50
Advertising and sales promotion	853.64	273.92
Freight and forwarding charges	575.33	553.04
Commission on sales	908.81	2,312.94
Rent (including lease rentals)	45.51	147.84
Repairs and maintenance - others	769.25	474.24
Insurance	275.14	186.37
Rates and taxes	263.66	164.45
Allowance for doubtful debts	91.46	64.34
Allowance for doubtful advances	31.96	3.24
Trade receivable, loans and advances written off	230.16	853.16
Less: Allowance held	(187.83)	(825.77)
Impairment in the value of non-current investment	47.53	-
Provision for impairment of non-current investment in associates and subsidiary (including share application money)	-	865.95
Loss on sale of shares of an associate	-	61.48
Loss on sale of shares in a joint venture	-	588.00
Less: Provision for impairment held	-	(588.00)

Notes to the Standalone financial statements for the year ended March 31, 2020

39 Other expenses (contd.)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Allowance for doubtful inter-corporate deposit given to an associate	-	37.00
Travelling and conveyance	714.08	628.01
Professional and legal fees	785.72	758.69
Payment to auditors (Refer note 42)	47.69	60.42
Postage and telephone	49.67	48.99
Printing and stationery	85.44	66.91
Security Expenses	106.10	85.65
Staff recruitment expenses	17.63	26.11
Bank charges	94.90	64.82
Initial cost for operating leases	59.32	52.28
Analytical Charges	136.72	127.65
Loss on sale/ write off, of property, plant and equipment (net)	15.53	57.73
Donations	-	2.42
Corporate social responsibility expenses	175.58	87.55
Miscellaneous expenses	224.78	414.29
Total	9,830.66	11,795.58

40 Related parties disclosures as per Ind AS 24

A) Names of the related parties and description of relationships

a) Holding Company:

	Country of Incorporation	Proportion of ownership interest as at	
		March 31, 2020	March 31, 2019
DVK Investments Private Limited	India		
Subsidiaries:			
Aegean Properties Limited	India	100%	100%
CC Square Films Limited	India	100%	100%
Fermenta Biotech GmbH (w.e.f. September 05, 2019)	Germany	100%	-
Fermenta Biotech (UK) Limited	United Kingdom	100%	100%
G.I. Biotech Pvt Limited	India	62.50%	62.50%

b) Key Management Personnel

Name of Key Management Personnel	Designation
Mr. Krishna Datla (also a person controlling the Holding Company)	Managing Director
Mr. Satish Varma	Executive Director
Ms. Anupama Datla Desai (also relative of the Managing Director)	Executive Director
Mr. Sanjay Buch	Non-Executive Director
Ms. Rajeshwari Datla (also relative of the Managing Director)	Non-Executive Director
Dr. Gopakumar Nair	Non-Executive Director
Mr. Vinayak Hajare	Non-Executive Director
Mr. Prashant Nagre	Chief Executive Officer
Mr. Sumesh Gandhi	Chief Financial Officer
Mr. Srikant N Sharma	Company Secretary

c) Joint Venture

Agastya Films LLP (up to December 31, 2018)

d) Associates

Health and Wellness India Private Limited

Zela Wellness Private Limited (up to November 29, 2018)

Silk Road Communications Private Limited (Associate of Holding Company)

Notes to the Standalone financial statements for the year ended March 31, 2020

40 Related parties disclosures as per Ind AS 24 (contd.)

e) Enterprises under significant influence of key management personnel or their relatives:

Magnolia FNB Private Limited

Dupen Laboratories Private Limited

Lacto Cosmetics (Vapi) Private limited

B) Related party transactions:

(₹ in Lakhs)						
Sr. No.	Particulars	Holding Company	Subsidiaries	Key management personnel*	Enterprise significantly influenced by KMP or their relatives	Joint ventures / associates
1	Remuneration to Directors and Key Management Personnel (including commission)*					
	Mr. Krishna Datla	-	-	274.75	-	-
		(-)	(-)	(278.52)	(-)	(-)
	Mr. Satish Varma	-	-	196.13	-	-
		(-)	(-)	(740.11)	(-)	(-)
	Ms. Anupama Datla Desai	-	-	121.58	-	-
		(-)	(-)	(621.78)	(-)	(-)
	Mr. Prashant Nagre	-	-	186.32	(-)	(-)
		(-)	(-)	(279.11)	(-)	(-)
	Mr. Sumesh Gandhi	-	-	77.00	-	(-)
		(-)	(-)	(77.71)	(-)	(-)
	Mr. Srikant N Sharma	-	-	53.73	-	-
		(-)	(-)	(48.81)	(-)	(-)
	Commission to non-executive directors (excluding statutory levy)					
	Mr. Sanjay Buch	-	-	10.01	-	-
		(-)	(-)	(14.67)	(-)	(-)
	Dr. Gopakumar Nair	-	-	10.01	-	-
		(-)	(-)	(14.67)	(-)	(-)
	Ms. Rajeshwari Datla	-	-	10.01	-	-
		(-)	(-)	(-)	(-)	(-)
	Mr. Vinayak Hajare	-	-	10.01	-	-
		(-)	(-)	(-)	(-)	(-)
2	Allowance for doubtful advances					
	Health and Wellness India Private Limited	-	-	-	-	-
		(-)	(-)	(37.00)	(-)	(-)
3	Provision for impairment in the value of investments in associates					
	Health and Wellness India Private Limited (including share application money)	-	-	-	-	-
		(-)	(-)	(-)	(-)	784.86
	Zela Wellness Private Limited	-	-	-	-	(784.89)
		(-)	(-)	(-)	(-)	(78.99)
4	Directors sitting fees					
	Mr. Krishna Datla	-	-	2.60	-	-
		(-)	(-)	(2.80)	(-)	(-)
	Ms. Rajeshwari Datla	-	-	5.30	-	-
		(-)	(-)	(3.30)	(-)	(-)
	Mr. Satish Varma	-	-	2.50	-	-
		(-)	(-)	(3.60)	(-)	(-)

Notes to the Standalone financial statements for the year ended March 31, 2020

40 Related parties disclosures as per Ind AS 24 (contd.)

						(₹ in Lakhs)
Sr. No.	Particulars	Holding Company	Subsidiaries	Key management personnel*	Enterprise significantly influenced by KMP or their relatives	Joint ventures / associates
	Mr. Sanjay Buch	-	-	9.00	-	-
		(-)	(-)	(6.70)	(-)	(-)
	Mr. Vinayak Hajare	-	-	6.40	-	-
		(-)	(-)	(4.10)	(-)	(-)
	Mr. Gopakumar Nair	-	-	7.50	-	-
		(-)	(-)	(2.80)	(-)	(-)
5	Rent and service income					
	Aegean Properties Limited.	-	0.30	-	-	-
		(-)	(0.30)	(-)	(-)	(-)
	DVK Investments Private Limited.	0.30	-	-	-	-
		(0.30)	(-)	(-)	(-)	(-)
	Agastya Films LLP	-	-	-	-	-
		(-)	(0.23)	(-)	(-)	(-)
	Magnolia FNB Private Limited.	-	-	-	0.30	-
		(-)	(-)	(-)	(0.30)	(-)
	Silk Road Communications Private Limited.	-	-	-	-	1.35
		(-)	(-)	(-)	(-)	(1.35)
6	Rent paid					
	Aegean Properties Limited.	-	18.00	-	-	-
		(-)	(18.00)	(-)	(-)	(-)
7	Expenditure incurred on behalf of related parties					
	Aegean Properties Limited.	-	16.62	-	-	-
		(-)	(16.62)	(-)	(-)	(-)
	Fermenta Biotech GmbH	-	655.50	-	-	-
		(-)	(-)	(-)	(-)	(-)
8	Sale of products					
	Dupen Laboratories Private Limited	-	-	-	20.81	-
		(-)	(-)	(-)	(7.08)	(-)
	Fermenta Biotech GmbH	-	840.19	-	-	-
		(-)	(-)	(-)	(-)	(-)
9	Purchase of raw materials and packing materials					
	Lacto Cosmetics (Vapi) Private Limited	-	-	-	0.71	-
		(-)	(-)	(-)	(1.24)	(-)
10	Processing charges					
	Lacto Cosmetics (Vapi) Private Limited	-	-	-	3.69	-
		(-)	(-)	(-)	(5.66)	(-)
11	Other reimbursements received					
	Lacto Cosmetics (Vapi) Private Limited	-	-	-	1.60	-
		(-)	(-)	(-)	(1.05)	(-)
12	Loan written off					
	G.I. Biotech Private Limited	-	-	-	-	-
		(-)	(6.26)	(-)	(-)	(-)
13	Impairment of non-current investment in equity instrument of a subsidiary					
	Fermenta Biotech (UK) Limited	-	-	-	-	-
		(-)	(2.10)	(-)	(-)	(-)

Notes to the Standalone financial statements for the year ended March 31, 2020

40 Related parties disclosures as per Ind AS 24 (contd.)

(₹ in Lakhs)						
Sr. No.	Particulars	Holding Company	Subsidiaries	Key management personnel*	Enterprise significantly influenced by KMP or their relatives	Joint ventures / associates
14	Loans taken					
	DVK Investments Private Limited	-	-	-	-	-
		(50.00)	(-)	(-)	(-)	(-)
15	Interest on loan taken					
	DVK Investments Private Limited	4.60	-	-	-	-
		(26.92)	(-)	(-)	(-)	(-)
16	Loans repaid					
	DVK Investments Private Limited	250.00	-	-	-	-
		(-)	(-)	(-)	(-)	(-)

(Figures in brackets are the corresponding figures in respect of the previous year.)

* The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

C) Balance outstanding as at the end of the year:

		(₹ in Lakhs)	
		March 31, 2020	March 31, 2019
a.	Trade payables and reimbursement payables		
	Subsidiary		
	Aegean Properties Limited.	87.89	68.49
	Fermenta Biotech GmbH	655.50	-
	Enterprises under significant influence of key management personnel or their relatives:		
	Lacto Cosmetics (Vapi) Pvt Ltd	-	1.36
b.	Trade receivables and reimbursement receivables		
	Subsidiary		
	CC Square Films Limited	5.57	5.57
	Aegean Properties Limited.	11.50	1.70
	Fermenta Biotech GmbH	840.19	-
	Enterprises under significant influence of key management personnel or their relatives:		
	Dupen Laboratories Pvt Ltd	22.45	10.33
c.	Allowance for doubtful debts/advances		
	Associate		
	Health and Wellness India Private Limited	37.00	37.00
	Subsidiary		
	CC Square Films Limited	5.52	5.52
d.	Deposit from tenants		
	Associate of Holding Company		
	Silk Road Communications Private Limited	0.20	0.20
e.	Provision for diminution in value of investments		
	Associates		
	Zela Wellness Private Limited	78.99	78.99
	Health and Wellness India Private Limited (including share application money)	784.86	784.86
	Subsidiary		
	CC Square Films Limited	5.00	5.00
	Fermenta Biotech (UK) Limited	148.65	148.65
f.	Provision for share of loss in a joint venture in excess of cost of investment		
	Joint venture		
	Agastya Films LLP	13.02	13.02

Notes to the Standalone financial statements for the year ended March 31, 2020

40 Related parties disclosures as per Ind AS 24 (contd.)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
g. Other financial liabilities		
Key management personnel		
Mr. Krishna Datla	130.00	117.34
Mr. Satish Varma	78.00	606.62
Ms. Anupama Datla Desai	40.00	530.79
Mr. Prashant Nagre	50.05	159.61
Mr. Srikant N Sharma	-	10.98
Dr. Gopakumar Nair	10.01	14.67
Ms. Rajeshwari Datla	10.01	-
Mr. Vinayak Hajare	10.01	-
Mr. Sanjay Buch	10.01	14.67
h. Loans to employees (including interest)		
Key management personnel		
Mr. Prashant Nagre	27.52	26.15
Mr. Srikant N Sharma	-	1.60
i. Inter corporate deposits		
Associate		
Health and Wellness India Private Limited	37.00	37.00
j. Loans repayable on demand		
Holding company		
DVK Investments Private Limited	-	250.00
k. Other financial liabilities (Interest accrued but not due)		
Holding company		
DVK Investments Private Limited	-	38.79

41 Commitments and Contingent liabilities

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
(i) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,852.15	2,097.98
(b) Lease commitments	362.08	452.83
(ii) Contingent liabilities:		
Claims against the company not acknowledged as debts		
(a) Tax matters		
Service tax department raised demand of ₹22.50 Lakhs consisting of Service Tax of ₹7.50 Lakhs and penalty of ₹15.00 Lakhs in connection with services rendered post demerger of the pharmaceutical division. Commissioner of Service Tax Mumbai and CESTAT has upheld the order of Joint Commissioner of Service Tax. The Company has preferred an appeal to Bombay High Court.	22.50	22.50
The Deputy Commissioner of sales tax has confirmed the order of the Assistant Commissioner of sales tax Vapi, Gujarat for year 1992-93 and 1993-94 for demand of interest and penalty due to shortfall in tax payment on account of computation of purchase tax setoff. Company has preferred an appeal to sales tax tribunal Ahmedabad, Gujarat and obtained stay against the order/demand of the Assistant Commissioner pending final disposal.	4.63	4.63
(b) Other claims (legal claim not accepted by the Company)	-	25.00
(c) Letter of comfort on behalf of a subsidiary, to the extent of limits	290.64	-

Note:- Future cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various authorities/forums and/or final outcome of the matters.

Notes to the Standalone financial statements for the year ended March 31, 2020

42 Payment to auditors excluding statutory levy

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
For audit	25.00	25.00
For limited review	15.00	15.00
For other services	6.51	18.53
Reimbursement of expenses	1.18	1.89
	47.69	60.42

43 Earnings per share (EPS):

The following table sets forth the computation of basic and diluted earnings per share :

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Profit for the year used for computation of basic and diluted earnings per share (₹ in Lakhs)	6,367.04	11,035.29
Weighted average number of equity shares used in calculating basic EPS [refer note 21(a)]	2,88,47,322	2,88,47,322
Effect of dilutive potential equity shares	1,46,571	14,228
Weighted average number of equity shares used in calculating diluted EPS	2,89,93,893	2,88,61,550
Basic earnings per equity share [nominal value of share ₹5 (March 31, 2019: ₹5)]	22.07	38.25
Diluted earnings per equity share [nominal value of share ₹5 (March 31, 2019: ₹5)]	21.96	38.24

44 Leases

(A) Assets taken on operating lease

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases" and applied to lease contracts existing on April 01, 2019, by electing 'retrospective approach with the cumulative effect at the date of initial application'. Under this approach, the Company has recorded lease liability at the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17.

The Company has entered into agreements for taking on leave and license basis certain residential and office premises and also taken vehicles on lease basis. The Company also has lease arrangements for land taken on lease at Dahej and Saykha. The lease term in respect of these lease ranges from 2 to 98 years. In respect of the said leases, the additional information is as under

	(₹ in Lakhs)
	March 31, 2020
Depreciation charge for right-of-use assets	152.86
Expenses relating to leases of low-value assets accounted for on straight line basis (included in Rent expenses in Note 39)	45.51
Total cash outflow for leases	231.85
Mayurity analysis of lease liabilities (on undiscounted basis)	
Less than one year	152.73
One to five years	384.21
More than five years	720.00
Weighted average incremental borrowing rate applied to lease liabilities recognised in the balance sheet at the date of initial application	10%

The following is the summary of practical expedients elected on initial application:

- i) The Company has not reassessed whether a contract is or contains a lease at the date of initial application.
- ii) The Company has utilised the exemptions provided for short-term leases (less than a year) and leases for low value assets.
- iii) The Company has utilised hindsight in determining the lease terms where contracts contained options to extend or terminate the lease.
- iv) Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application

The difference between the operating lease commitments as of March 31, 2019, disclosed applying Ind AS 17 and the value of the lease liability recognised in the balance sheet at the date of initial application is primarily on account of inclusion of extension options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116.

Notes to the Standalone financial statements for the year ended March 31, 2020

44 Leases (contd.)

General description of significant leasing agreements

- (i) Refundable interest free deposits have been given under lease agreements.
- (ii) Some of the agreements provide for early termination by either party with a specified notice period / renewal with conditions

Since Ind AS 116 has become applicable w.e.f. April 01, 2019, disclosure of comparative information is not applicable.

(B) Assets given on operating lease

The Company has entered into operating lease agreement for sublease of property in Worli, Mumbai with original lease period expiring on December 31, 2022.

The Company has also entered into various operating lease agreements for its properties in Thane with original lease periods expiring on April 2021. These agreements have a non-cancellable period at the beginning of the period for 3 years and have rent escalation provisions of 5% every year or 15% after 3 years.

Particulars	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
a) Rent income recognised in the Standalone statement of profit and loss for the year [Includes rentals on sub-lease of ₹227.18 lakhs (March 31, 2019 ₹192.01 lakhs)]	1,378.20	1,230.11
b) Future minimum lease income under the non-cancellable leases in the aggregate and for each of the following periods:		
i) Not later than one year	368.33	905.43
ii) Later than one year and not later than five years	4.36	372.69
iii) More than five years	-	-

45 Employee benefits

The Company operates following employee benefit plans

- (I) Defined contribution plans: Provident fund, superannuation fund, employee state insurance scheme (ESIC) and labour welfare fund.
- (II) Defined benefit plan: Gratuity (funded)
- (III) Other long term benefit plan: Compensated absences (unfunded)

I) Defined contribution plan

The Company operates defined contribution retirement benefit plans for all qualifying employees of the Company. The contribution to defined contribution plan, recognised as expenses in the Standalone statement of profit and loss for the year is as under (Refer note 36).

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Employer's contribution to provident fund	206.84	169.94
Employer's contribution to superannuation fund	1.63	1.58
Employer's contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	11.98	9.08
Employer's contribution to labour welfare fund	0.09	0.04

II) Defined benefit plan

The Company operates a defined benefit plan, viz., gratuity.

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination. Provision for Gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Company reviews the level of funding in the gratuity fund.

Notes to the Standalone financial statements for the year ended March 31, 2020

45 Employee benefits (contd.)

(a) Movements in the present value of the defined benefit obligation are as follows:

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Opening defined benefit obligation	550.11	322.32
Interest cost	39.00	22.99
Current service cost	73.16	40.14
Past service cost	-	-
Benefits paid	(26.35)	(22.13)
Actuarial (Gain)/loss on obligations - due to changes in financial assumptions	(211.27)	143.52
Actuarial (Gain)/loss on obligations - due to changes in demographic assumptions	15.80	(0.11)
Actuarial (Gain)/loss on obligations - due to changes in experience adjustment	(45.40)	43.38
Closing defined benefit obligation	395.05	550.11

(b) Movements in the fair value of the plan assets are as follows:

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Opening fair value of plan assets	274.79	250.48
Employer's contributions	23.33	27.81
Interest income	19.42	18.35
Remeasurement gain / (loss) :		
Return on plan assets (excluding amounts included in net interest expense)	(0.24)	0.28
Benefit paid	(26.35)	(22.13)
Closing fair value of plan assets	290.95	274.79

(c) Reconciliation of fair value of plan assets and defined benefit obligation:

The amount included in the Standalone financial statements arising from the Company's obligation in respect of its defined benefit obligation plan is as follows:

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Fair value of plan assets	290.95	274.79
Present value of defined benefit obligation	395.05	550.11
Amounts recognised in the Standalone balance sheet surplus/(deficit)	(104.10)	(275.32)

(d) The amount recognised in Standalone statement of profit and loss in respect of the defined benefit plan are as follows:

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Current service cost	73.16	40.14
Past service cost	-	-
Net interest expense / (income)	19.58	4.64
Components of defined benefit costs recognised in Standalone statement of profit and loss	92.74	44.78

(e) The amount recognised in other comprehensive income in respect of the defined benefit plan is as follows:

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Remeasurement on the net defined benefits liability:		
Return on plan assets (excluding amounts included in net interest expense)	(0.24)	0.28
Actuarial gains / (losses) arising from changes in financial assumptions	211.27	(143.52)
Actuarial gains / (losses) arising from changes in demographic assumptions	(15.80)	0.11
Actuarial gains / (losses) arising from changes in experience adjustments	45.40	(43.38)
Components of defined benefit recognised as income / (loss) in other comprehensive income	240.63	(186.51)

Notes to the Standalone financial statements for the year ended March 31, 2020

45 Employee benefits (contd.)

- f) The principal assumptions used for the purpose of the actuarial valuations are as follows:

	March 31, 2020	March 31, 2019
Discount rate (per annum)	6.80%	7.45% to 7.75%
Salary escalation rate (per annum)	5.00%	10.00%
Expected rate of return on plan assets (per annum)	6.80%	7.45%- 7.50%
Retirement Age	58 Years	58 Years
Mortality rate	Indian Assured lives Mortality (2006-08)	
Leaving Service (age groups)	21-30 years -1% to 4%	21-30 years -1% to 10%
	31-40 years - 3%	31-40 years - 5%
	41-50 years - 2%	41-50 years - 3%
	Above 50 years - 1%	Above 50 years - 2%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is considered as per declaration from Life Insurance Corporation of India (LIC) .

The expected contributions for defined benefit plan for the next financial year is ₹25.00 Lakhs (March 31, 2019: ₹25.00 Lakhs).

- g) Maturity analysis of projected benefit obligation

	March 31, 2020	March 31, 2019
Expected benefits for Year 1	54.84	53.26
Expected benefits for Year 2	38.09	18.35
Expected benefits for Year 3	36.22	43.34
Expected benefits for Year 4	29.04	41.03
Expected benefits for Year 5	17.32	34.65
Expected benefits for Year 6	26.82	43.08
Expected benefits for Year 7	39.88	34.58
Expected benefits for Year 8	56.66	50.66
Expected benefits for Year 9	28.35	60.02
Expected benefits for Year 10 and above	509.09	1,136.04

- h) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2020	March 31, 2019
Insurer managed funds	100%	100%

- i) Sensitivity analysis

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at end of year, while holding all other assumptions constant. The result of sensitivity analysis is given below:

	March 31, 2020 (Decrease)/ increase in DBO*	March 31, 2019 (Decrease)/ increase in DBO*
Discount rate (- 0.50%)	4.56%	4.87% to 7.26%
Discount rate (+ 0.50%)	-4.22%	-4.49% to -6.65%
Salary escalation rate (- 0.50%)	-4.31%	-3.98% to -6.55%
Salary escalation rate (+ 0.50%)	4.62%	4.26% to 7.07%

*DBO: Defined benefit obligation

- j) Inherent risks:

The inherent risk for the Company mainly are adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

III) Other long term benefit plan

Notes to the Standalone financial statements for the year ended March 31, 2020

45 Employee benefits (contd.)

Actuarial valuation for compensated absences is done as at the year end and provision is made as per Company rules with corresponding charge / (credit) to the Standalone statement of profit and loss amounting to (₹)18.28 Lakhs [March 31, 2019: ₹185.39 Lakhs] and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined at the year end using the "Projected unit credit model". Gains and losses on changes in actuarial assumptions relating to defined benefit obligation are recognised in OCI where as gains and losses in respect of other long term employee benefit plans are recognised in the Standalone statement of profit and loss.

46 Income tax

46A Tax expense recognised in the Standalone statement of profit and loss and other comprehensive income consists of:

Particulars	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Tax expenses:		
Current tax	336.55	3,192.21
Deferred tax credit	(1,948.92)	(2,115.47)
Income tax expense recognised in the Standalone statement of profit and loss	(1,612.37)	1,076.74
Tax expense recognised in other comprehensive income	70.07	(35.33)
Total Tax expense	(1,542.30)	1,041.41

46B A reconciliation of income tax expense to the amount computed by applying the statutory income tax rate to the profit before income tax is summarised below:

Particulars	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Profit before tax	4,754.66	12,112.03
Enacted income tax rate in India (%) #	29.120	34.944
Income tax expense calculated at enacted income tax rate	1,384.56	4,232.43
Effect of tax on:		
Brought forward tax loss of the past year for which DTA is created	-	(1,732.06)
Impact of change in tax rates on Deferred tax assets	84.89	-
MAT Credit entitlement recognised	(5,072.14)	-
Utilisation of Deferred tax asset recognised on unabsorbed depreciation/ carried forward losses pursuant to scheme of amalgamation (refer note 60)	2,946.52	-
Expenses disallowed under Income Tax Act	64.85	407.91
Income exempted from tax	(1,198.96)	(2,628.46)
Incremental deduction on account of research and development costs	(167.54)	(213.60)
Reversal of income tax expense of financial year 2018-19 pursuant to scheme of amalgamation (Refer note 60)	(510.03)	-
Differential tax effect due to effective tax rate difference	853.92	1,003.84
Others	1.56	6.68
Total income tax expense	(1,612.37)	1,076.74
Tax expenses recognised in Standalone statement of profit and loss	(1,612.37)	1,076.74
Tax expense recognised in other comprehensive income	70.07	(35.33)
Total tax expense	(1,542.30)	1,041.41

The tax rate used for reconciliation above is the corporate tax rate of 29.12% (March 31, 2019: 34.944%) at which the Company is liable to pay tax on taxable income under the Indian tax Laws.

Notes to the Standalone financial statements for the year ended March 31, 2020

46 Income tax (contd.)

46C The major components of deferred tax liabilities/(assets) arising on account of temporary differences are as follows:

(₹ in Lakhs)

Particulars	April 01, 2019	March 31, 2020		March 31, 2020
		Statement of profit and loss	Other comprehensive income	
(i) Components of deferred tax Assets (net)				
Deferred tax liabilities				
Property, plant and equipment and intangible assets: Impact of difference between written down value as per books of account and income tax	(1,457.65)	(76.13)	-	(1,533.78)
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	218.54	(26.48)	(70.07)	121.99
Allowance for doubtful debts and advances	223.71	(81.55)	-	142.16
Unabsorbed depreciation/carried forward losses	2,946.51	(2,946.51)	-	-
MAT Credit entitlement	-	5,072.14	-	5,072.14
Others	-	7.44	-	7.44
Deferred tax charge		* 1,948.91	(70.07)	
Net deferred tax assets	1,931.11			3,809.95

*Reads as ₹1,948.92 Lakhs on the standalone statement of profit and loss due to rounding off

(₹ in Lakhs)

Particulars	April 01, 2018	Additions pursuant to scheme of amalgamation (Refer note 1.2)	March 31, 2019		March 31, 2019
			Statement of profit and loss	Other comprehensive income	
(i) Components of deferred tax assets (net)					
Deferred tax liabilities					
Property, plant and equipment and intangible assets: Impact of difference between written down value as per books of account and income tax	(525.81)	(740.88)	(190.96)	-	(1,457.65)
Deferred tax assets					
Expenses claimed for tax purpose on payment basis	25.06	67.53	90.61	35.33	218.54
Allowance for doubtful debts and advances	8.26	459.62	(244.17)	-	223.71
Unabsorbed depreciation/carried forward losses	492.49	-	2,454.02	-	2,946.51
Others	-	(5.97)	5.97	-	-
Deferred tax charge			2,115.47	35.33	
Net deferred tax assets	0.00	(219.70)			1,931.11

46D Details of unused tax losses and unabsorbed tax depreciation for which deferred tax assets have not been recognised:

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Unused tax losses (capital in nature)	225.42	225.42
Unused MAT Credit	-	4,242.14

The unused tax losses (capital in nature) will expire from financial year 2020-21 to financial year 2027-28 and unused tax credits were expiring from financial year 2021-22 to financial year 2032-33.

Pursuant to scheme of amalgamation as mentioned in note 1.2, the Company has, recognised an intangible asset of ₹60,390.05 Lakhs in the form of Goodwill, in its income tax block of assets and has claimed the corresponding depreciation of ₹15,097.51 Lakhs under Section 32(1) of the Income Tax Act, 1961 ('the Act') in the revised income tax return filed on July 26, 2020 for the assessment year 2019-2020. Pending the outcome of the assessment by the income tax authorities, the aforesaid amount of depreciation has not been considered as a deduction for arriving at the provision for taxation and also deferred tax asset has not been created on the amount recognized as goodwill for the purposes of the Act

Notes to the Standalone financial statements for the year ended March 31, 2020

47 Research and development expenditure

Research and development expenditure of ₹653.85 Lakhs (March 31, 2019: ₹879.10 Lakhs) (excluding interest and depreciation) has been charged to the Standalone statement of profit and loss. The capital expenditure in the current year on research and development amounts to ₹497.20 Lakhs (March 31, 2019: ₹115.16 Lakhs).

48 During the year ended March 31, 2020, Commission of ₹248.00 Lakhs to the Managing Director and Executive Directors and directors sitting fees and commission to non-executive directors aggregating ₹73.34 Lakhs has been charged to the Standalone statement of profit and loss. During the year ended March 31, 2019, Commission of ₹1,137.54 Lakhs to the Managing Director and Executive Director of Erstwhile Fermenta Biotech Limited and Commission and directors sitting fees aggregating ₹169.98 Lakhs to the Non-Executive directors has been charged to the Standalone statement of profit and loss.

49 Details of CSR expenditure

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Gross amount required to be spent by the Company	180.82	78.99

Particulars	March 31, 2020			March 31, 2019		
	Amount spent	Yet to be spent **	Total	Amount spent	Yet to be spent	Total
Amount spent during the year						
i) Construction/acquisition of any asset	16.75	-	16.75	-	-	-
ii) On purposes other than (i) above	156.83	7.24	164.07	87.55	-	87.55

** The Company was required to spend ₹180.82 Lakhs towards CSR during the year in accordance with the provisions of Section 135 of the Companies Act, 2013.

The Company has spent ₹173.58 Lakhs on CSR activities during the year. Balance amount of ₹7.24 Lakhs has been spent in financial year 2020-21.

50 Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
a (i) Principal amount remaining unpaid to any supplier at the end of the accounting year	98.01	97.89
(ii) Interest due on above	-	-
The Total of (i) and (ii)	98.01	97.89
b The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c 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 the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Notes to the Standalone financial statements for the year ended March 31, 2020

51 Categories of the financial instruments

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
a) Financial assets		
Financial assets measured at fair value through Other comprehensive income		
Investments in equity instruments -quoted	21.49	10.14
Investments in equity instruments -unquoted	4.11	51.64
Financial assets measured at fair value through profit or loss		
Investments in mutual funds - unquoted	-	114.79
Financial assets measured at amortised cost		
(i) Trade receivables	7,744.28	6,560.18
(ii) Cash and cash equivalents	677.41	4,036.27
(iii) Bank balances other than (ii) above	2,559.54	5,036.92
(iv) Share application money	-	597.00
(v) Loans	2,155.00	1,205.58
(vi) Other financial assets	1,699.80	722.25
Total Financial assets	14,861.63	18,334.77
b) Financial liabilities measured at amortised cost		
(i) Borrowings	22,029.02	20,869.51
(ii) Lease liabilities	556.15	-
(iii) Trade payables	4,717.38	4,344.34
(iv) Other financial liabilities	1,616.17	3,110.63
Total Financial liabilities	28,918.72	28,324.48

52 Reconciliation of Level 3 fair value measurements:

Particulars	March 31, 2020	March 31, 2019
Opening balance	51.64	4.11
Transfers during the year	-	47.53
Total gains or (losses)		
Recognised in standalone statement of profit and loss.	(47.53)	-
Closing balance	4.11	51.64

53 Fair value

Fair value of financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required :

(₹ in Lakhs)

	Carrying value		Fair value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial assets				
Trade receivables	7,744.28	6,560.18	7,744.28	6,560.18
Cash and cash equivalents	677.41	4,036.27	677.41	4,036.27
Bank balances other than cash and cash equivalents	2,559.54	5,036.92	2,559.54	5,036.92
Share application money	-	597.00	-	597.00
Loans	2,155.00	1,205.58	2,155.00	1,205.58
Other financial assets	1,699.80	722.25	1,699.80	722.25
Total assets	14,836.03	18,158.20	14,836.03	18,158.20
Financial liabilities				
Trade payables	4,717.38	4,344.34	4,717.38	4,344.34
Lease liabilities	556.15	-	556.15	-
Borrowings	22,029.02	20,869.51	22,029.02	20,869.51
Other financial liabilities	1,616.17	3,110.63	1,616.17	3,110.63
Total liabilities	28,918.72	28,324.48	28,918.72	28,324.48

The financial assets above do not include investments in subsidiaries which are measured at cost, investments in mutual funds measured at fair value through profit and loss and investments in equity instruments measured at fair value through OCI.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the standalone financial statements approximate their fair values.

Notes to the Standalone financial statements for the year ended March 31, 2020

53 Fair value (contd.)

Fair value hierarchy

	March 31, 2020		March 31, 2019	
	Fair Value	Fair value hierarchy	Fair Value	Fair value hierarchy
(₹ in Lakhs)				
Financial assets measured at fair value through Other comprehensive income				
Investments in equity shares-quoted	21.49	Level 1	-	Level 1
Investments in equity shares-unquoted	4.11	Level 3	51.64	Level 3
Financial assets measured at fair value through profit or loss				
Investments in mutual funds	-	-	114.79	Level 2

54 Segment information:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The Managing Director of the Company is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CODM of the Company. The Company has identified the following segments as reporting segments based on the information reviewed by CODM.

The business segments have been identified considering :

- the nature of products and services
- the differing risks and returns
- the internal organisation and management structure, and
- the internal financial reporting systems

The segment information presented is in accordance with the accounting policies adopted by the Company. Segment revenues, expenses and results include inter-segment transfers.

A) The primary reporting of the Company has been performed on the basis of business segments, viz:

Property - Renting of properties

Chemicals/Bulk Drug- Manufacturing and selling of chemicals, primarily bulk drugs and enzymes.

Segments have been identified and reported based on the nature of the services, the risk and returns, the organisation structure and the internal financial reporting systems.

	2019-2020			
	2018-2019			
	Bulk Drug/Chemicals	Property	Total	
a. Revenue				
1 Segment revenue	28,305.62	1,945.05	30,250.67	
	38,925.52	1,935.4	40,860.92	
Less : Inter-segment revenue	0	212.33	212.33	
	0	393.58	393.58	
Unallocated revenue (net)			1,243.63	
			1,233.94	
2 Total			31,281.97	
			41,701.28	
b. Result				
1 Segment profit	5,958.00	571.30	6,529.30	
	15,146.13	569.60	15,715.73	
2 Finance costs			1,932.04	
			2,065.31	
3 Unallocable income/(expenditure) (net)			157.40	
			(1,538.39)	
4 Inter segment results			-	
			-	

Notes to the Standalone financial statements for the year ended March 31, 2020

54 Segment information: (contd.)

(₹ in Lakhs)

		2019-2020		
		2018-2019		
		Bulk Drug/Chemicals	Property	Total
5	Profit before tax			4,754.66
				12,112.03
6	Tax expense			336.55
	- current tax			3,192.21
	- deferred tax credit			(1,948.92)
				(2,115.47)
7	Profit after tax			6,367.03
				11,035.29
c.	Other information			
1.	Segment assets	40,418.44	8,014.40	48,432.84
		32,722.75	8,200.19	40,922.94
2	Unallocated corporate assets			12,528.22
				14,174.14
3.	Total assets			60,961.06
				55,097.08
4.	Segment liabilities	6,278.80	813.85	7,092.65
		7,455.91	1,255.39	8,711.30
5.	Unallocated corporate liabilities			22,608.22
				21,437.11
6.	Total liabilities			29,700.87
				30,148.41
7.	Cost incurred during the year to acquire			
	- segment tangible and intangible assets	6,380.75	-	6,380.75
		3,481.17	45.88	3,527.05
	- unallocated segment tangible and intangible assets			-
				50.10
8.	Depreciation and amortization expense	1,121.68	355.50	1,477.18
		806.80	348.69	1,155.49
9	Unallocated depreciation			16.66
				29.83

(Figures in italics are the corresponding figures in respect of the previous year.)

B) Geographical information

Geographical information is reported on the basis of the geographical location of the customers. The management views the Indian market and export markets as distinct geographical markets.

Revenue by market – The following is the distribution of the Company's revenue by geographical market:

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
India		
Bulk Drug/Chemicals	8,420.14	8,587.42
Property	1,732.72	1,541.82
Europe - Bulk Drug/Chemicals	9,391.23	21,276.47
USA - Bulk Drug/Chemicals	3,002.28	4,369.68
Others countries - Bulk Drug/Chemicals	7,504.28	4,691.95
	30,050.65	40,467.34

Notes to the Standalone financial statements for the year ended March 31, 2020

54 Segment information: (contd.)

Assets by geographical area – The following is the carrying amount of segment non-current assets by geographical area in which the assets are located:

	(₹ in Lakhs)	
	Non-Current assets*	
	March 31, 2020	March 31, 2019
India		
Bulk Drug/Chemicals	17,871.56	10,594.30
Property	8,886.93	9,259.08
Total	26,758.49	19,853.38

* Non-current assets exclude investments, loans, share application money, other financial assets, tax assets and other non current assets.

The Company's operating facilities are located in India.

The Company has generated revenue aggregating ₹6,529.96 Lakhs from two customers (March 31, 2019: ₹10,133.70 Lakhs from two customers). Revenue from each of these customers is 10% or more of the Company's total revenue.

55 Financial risk management objectives and policies

The Company is exposed to credit risk, liquidity risk and market risk. The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates, commodity prices and equity price risk). Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term borrowings. The Company is exposed to market risks related to foreign exchange rate risk, commodity rate risk, interest rate risk and other price risks, such as equity price risks. Thus, the Company's exposure to market risk is a function of borrowing activities, revenue generating and operating activities in foreign currencies.

i) Equity price risk

The Company's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investments in securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Company's Board of Directors review and approve, all investments in the equity instruments.

As at March 31, 2020, the Company had exposure to equity securities measured at fair value. The changes in fair values of the equity investments were strongly positively co-related with changes in market index. As at March 31, 2020, the Company did not have material investments in / exposure to quoted or unquoted securities.

ii) 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 rate. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short term borrowings obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of long term and short term borrowings.

For the years ended March 31, 2020 and March 31, 2019 every 50 basis point decrease in the floating interest rate component applicable to its loan and borrowings would increase the Company's profit by ₹110.09 Lakhs and ₹104.35 Lakhs respectively. A 50 basis point increase in floating interest rate would lead to an equal but opposite effect.

iii) Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. The prices of the Company's raw materials generally are stable. Cost of raw materials forms the largest portion of the Company's cost of revenues. A large portion of the Company's sales are subject to commodity rate risk having a volatile pricing. The Company monitors overall demand supply position and pricing movement to decide marketing strategies to overcome risk of changing prices of the products.

Notes to the Standalone financial statements for the year ended March 31, 2020

55 Financial risk management objectives and policies (contd.)

iv) Foreign currency risk

The Company's foreign exchange risk arises from its foreign currency revenues and expenses and foreign currency borrowings. 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 largely uses the natural hedge to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

The Company did not enter into any derivative instruments for hedge or speculation. The year end foreign currency exposures that have not been hedged (before giving effects of natural hedge) by derivative instrument or otherwise are given below:

A) Significant foreign currency risk exposure relating to trade receivables, other financial assets and cash and cash equivalents :

Particulars	Currency	March 31, 2020		March 31, 2019	
		Amount in foreign currency (in Lakhs)	₹ in Lakhs	Amount in foreign currency (in Lakhs)	₹ in Lakhs
Financial assets					
Cash and cash equivalents (including EEFC)	EURO	5.60	465.11	0.30	23.66
	USD	1.31	98.13	0.72	49.99
	SGD	0.02	0.87	-	-
Trade receivables and other financial assets	USD	46.68	3,506.00	46.38	3,215.33
	EURO	43.67	3,626.60	35.45	2,756.26

B) Significant foreign currency risk exposure relating to borrowings and trade payables :

Particulars	Currency	March 31, 2020		March 31, 2019	
		Amount in foreign currency (in Lakhs)	₹ in Lakhs	Amount in foreign currency (in Lakhs)	₹ in Lakhs
Financial liabilities					
Trade payables	EURO	11.30	940.42	8.41	656.81
	USD	5.39	405.29	1.82	126.33
	CZK	0.01	0.03	-	-
	GBP	0.01	0.60	-	-
Borrowings (PCFC)	EURO	62.33	5,185.86	60.24	4,701.99
	USD	16.40	1,233.97	6.18	430.09
External Commercial borrowing (ECB)	EURO	22.52	1,873.85	10.40	811.75
Foreign Currency Term Loan (FCTL)	EURO	22.52	1,873.40	-	-

C) Foreign currency sensitivity

For the years ended March 31, 2020 and March 31, 2019, every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets / liabilities would increase the Company's profit and increase the Company's total equity by approximately ₹190.61 Lakhs and ₹4.80 Lakhs, respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to equal but opposite effect. In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

b) Credit risk

Credit risk is the risk of financial loss, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers, loans and other financial assets. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business.

Notes to the Standalone financial statements for the year ended March 31, 2020

55 Financial risk management objectives and policies (contd.)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

i) Trade receivables

The Company has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers. The Company evaluates the concentration of risk with respect to trade receivables which is low, as its customers are widely spread with small outstanding amounts (For detailed movement in provision for trade receivables - Refer note 15)

	(₹ in Lakhs)	
Trade receivables	March 31, 2020	March 31, 2019
Not due	3,517.27	4,412.83
1 - 90 days	2,702.74	2,029.47
91 - 180 days	1,471.44	104.95
Beyond 180 days	419.44	321.66
Total	8,110.89	6,868.91

ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. Credit risk in case of Intercompany deposit given is managed by the Company in accordance with the Company's policy. ICD only be given out of surplus funds, are made only with the approval of the Board of Directors and are reviewed by the Board on an annual basis.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations as they fall due. The Company's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and investment in liquid banks deposits to meet the Company's operating requirements with an appropriate level of headroom. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

i) Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

	(₹ in Lakhs)			
March 31, 2020	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	11,850.35	5,207.06	4,971.61	22,029.02
Trade payables	4,717.38	-	-	4,717.38
Lease liabilities	105.19	265.68	185.28	556.15
Other financial liabilities	1,556.73	59.44	-	1,616.17
Total	18,229.65	5,532.18	5,156.89	28,918.72

	(₹ in Lakhs)			
March 31, 2019	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	7,348.58	6,290.23	7,230.70	20,869.51
Trade payables	4,344.34	-	-	4,344.34
Other financial liabilities	2,925.45	185.18	-	3,110.63
Total	14,618.37	6,475.41	7,230.70	28,324.48

The Company had unutilised credit limit of borrowing facilities as at March 31, 2020: ₹3,400.00 lakhs and as at March 31, 2019 ₹5,587.82 lakhs from banks.

Notes to the Standalone financial statements for the year ended March 31, 2020

56 Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less Cash and cash equivalents presented on the face of the standalone financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

(i) The gearing ratio at the end of the year was as follows:

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Debts (Term loans and loans repayable on demand including current maturities of long term debts)	22,029.02	20,869.51
Less: Cash and cash equivalents (Refer note 16)	677.41	4,036.27
Net debt	21,351.61	16,833.24
Total equity	31,260.19	24,948.67
Net debt to equity ratio	68.30%	67.47%

(ii) Dividend on equity shares paid during the year

	(₹ in Lakhs)	
Particulars	March 31, 2020	March 31, 2019
Dividend on equity shares		
Dividend for the year ended March 31, 2019 of ₹1.25 per share on 91,72,792 equity shares of ₹5.00/- each, fully paid up (March 31, 2018: ₹1.25 per share on 91,72,792 equity shares of ₹5.00/- each, fully paid up) [Refer note 21(a)]	114.68	114.68
Dividend distribution tax on above	23.57	23.57
Interim dividend paid during the year ended March 31, 2020 of ₹5.00/- per share on 96,15,774 equity shares (net of 1,94,555 equity shares of ₹5.00/- each which were held by ESOP Trust) [Refer note 21(a)]	480.78	-
Dividend distribution tax on above	100.82	-

57 Investment properties

The Company's investment properties consist of Thane One Building and freehold land located at Majiwade Thane. Out of the 16 floors, ground to 13 floors have been considered as Investment property by the Management. In addition to Thane One building and freehold land at Thane, the Company has freehold land at Takawe area.

Criteria used for classification of property as investment property

The Company has considered the following for classification of property as investment property:

- Investment property comprises building and other assets required to provide ancillary services to the occupants of the investment property.
- The properties that are not occupied by the Company for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment property.

The Company has a building which is primarily meant for renting is classified as an investment property, except for the part of that building which is used for administrative purposes, and hence classified as owner-occupied property. The Company has apportioned the cost of the property between investment property and owner-occupied property in the ratio of area used, respectively, as a percentage of total area.

Estimation of fair value

The fair value of the Investment Property has been determined as ₹42,508.90 Lakhs. (March 31, 2019 ₹42,508.90 Lakhs) The Company had carried out the fair valuation of the investment property during the year ended March 31, 2019. The Management is of the view that there have been no material changes in the fair valuation of the investment property subsequent to the same. The fair value has been determined by an external, independent property valuer, having appropriate professional qualification and recent experience in the location and category of the property being valued. The Company obtained independent valuation for its investment property and fair value measurement has been categorised as Level 3. The fair value has been arrived at by using comparable market rate approach. The main inputs used are quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent in village Majiwada area and Takawe area.

Notes to the Standalone financial statements for the year ended March 31, 2020

57 Investment properties (contd.)

Amount recognised in Standalone statement of profit and loss

Particulars	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Income from investment properties	1,505.54	1,349.81
Less: Direct operating expenses (including repairs and maintenance) generating income from investment properties	934.24	780.21
Income arising from investment properties	571.30	569.60
Less: Depreciation	(255.55)	(260.17)
Income/(loss) arising from investment properties after depreciation	315.75	309.43

Refer note 44(B) for operating lease arrangements and total future minimum lease rentals receivable

Refer note 23 for the existence of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal

58 Share-based payments

Employee share option plan of the Company

1.1 Details of the employee share option plan of the Company

This ESOP 2019 scheme has been framed pursuant to the Scheme of Amalgamation between the erstwhile Fermenta Biotech Limited (Transferor Company) with DIL Limited (Transferee Company) and their respective shareholders. The Transferor Company prior to the Scheme of Amalgamation had implemented the 'Fermenta Biotech Limited - Employee Stock Option Plan 2019' and were granted employee stock options to its eligible employees. Further, the number of transferee options issued shall equal to the product of number of transferor options outstanding on effectiveness of Scheme multiplied by the Share exchange ratio (0.398) and each transferee option shall have an exercise price per equity share equal to transferor option exercise price per equity shares divided by the share exchange ratio (0.398) and fractions rounded off to the next higher whole number. The terms and conditions of ESOP 2019 Scheme of DIL Limited are not less favourable than those of ESOP Scheme of erstwhile Fermenta Biotech Limited. Under the ESOP 2019 Scheme, stock options have been issued to the eligible employees of erstwhile Fermenta Biotech Limited (Refer note 1.2).

In accordance with the terms of the plan, as approved by the erstwhile shareholders of Fermenta Biotech Limited at an extra ordinary general meeting, executives and senior employees with the Company were granted options to purchase equity shares.

Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is calculated in accordance with the performance-based formula and is subject to approval by the remuneration committee. The formula rewards executives and senior employees to the extent of the Company's and the individual's achievement judged against both qualitative and quantitative criteria.

The following share-based payment arrangements were in existence during the current year:

Options series	Number**	Grant date	Expiry date	Exercise price	(₹ in Lakhs)
					Fair value at grant date
Plan 1 (60% of options granted under ESOP 2019)	1,26,143	25.02.2019 and 12.08.2019	25.02.2025 and 12.08.2025	83.67	421.71
Plan 1 (20% of options granted under ESOP 2019)	42,047	25.02.2019 and 12.08.2019	25.02.2026 and 12.08.2026	83.67	421.71
Plan 1 (20% of options granted under ESOP 2019)	42,047	25.02.2019 and 12.08.2019	25.02.2027 and 12.08.2027	83.67	421.71
Plan 2 (100% of options granted under ESOP 2019)	2,17,410	25.02.2019	25.02.2025	83.67	418.22

Notes to the Standalone financial statements for the year ended March 31, 2020

58 Share-based payments (contd.)

Options granted under ESOP 2019 shall vest not before 1 (one) year and not later than maximum Vesting Period of 5 (five) years from the date of grant of such Options. Subject to the minimum vesting period of one year, the Nomination and Remuneration Committee of the Board at its discretion approve for acceleration of Vesting of any or all unvested Options of the Option Grantee.

The above number of options, fair value at grant dates and exercise price are adjusted in accordance with the Share exchange ratio (0.398:1) as per the scheme of amalgamation.

**The number of options are after giving effect of the amalgamation and bonus shares issued during the year.

1.2 Fair value of share options granted

The weighted average fair value of the share options granted during the financial year is ₹421.71 (previous year ₹419.86). Options were priced using Black-Scholes option pricing model. Where relevant, the expected life used in the model has been calculated based on a weighted average of vests. Expected volatility is based on the historical share price information of similar listed entities.

(₹ in Lakhs)

Inputs into the model	Option series - Year -2020**			
	Plan 1 (60% of options granted under ESOP 2019)	Plan 1 (20% of options granted under ESOP 2019)	Plan 1 (20% of options granted under ESOP 2019)	Plan 2 (100% of options granted under ESOP 2019)
Grant date share price	421.71	421.71	421.71	418.22
Exercise price	83.67	83.67	83.67	83.67
Expected volatility	69.28%	68.83%	68.08%	69.28%
Option life	4.51 years	5.51 years	6.51 years	4.51 years
Dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	7.14%	7.25%	7.35%	7.14%

**The above fair value at grant dates and exercise price are adjusted in accordance with the Share exchange ratio (0.398:1) as per the scheme of amalgamation.

1.3 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	March 31, 2020		March 31, 2019	
	Number of options	Weighted average exercise price (₹ in Lakhs)	Number of options	Weighted average exercise price (₹ in Lakhs)
Balance at beginning of year	1,40,199	83.67	-	-
Pursuant to scheme of amalgamation (Refer Note 1.2)	-	-	1,40,199	83.67
Granted during the year	5,219	83.67	-	-
Forfeited during the year	2,869	83.67	-	-
Bonus options issued during the year	2,85,098	83.67	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Balance at end of year	4,27,647	83.67	1,40,199	83.67

Number of shares and exercise price are adjusted in accordance with the Share exchange ratio (0.398:1) as per the scheme of amalgamation.

No share options were exercised during the year.

1.4 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price adjusted for post bonus, of ₹83.67 (as at March 31, 2019: ₹251, after adjusting bonus ₹83.67), and a weighted average remaining contractual life of 3.80 years.

Notes to the Standalone financial statements for the year ended March 31, 2020

- 59 a) During the previous year ended March 31, 2019, the Company sold 45,186 equity shares of ₹10/- each in Zela Wellness Private Limited (Zela). Consequently, the Company's equity holding in Zela Wellness Private Limited (Zela) is reduced to 16.59 % as against earlier 29.5% and accordingly, post November 29, 2018, the entity is not an associate of the Company.
- b) The Company had given share application money of ₹597.00 Lakhs to Noble Explochem Ltd, whose total equity as at March 31, 2019, as per the available latest audited financial statements for the year ended March 31, 2019, is negative, where the independent auditors of Noble had issued an adverse audit opinion on the aforesaid financial statements. Further, the operations of Noble were suspended since December 2006. Noble was under insolvency proceedings from May 14, 2018. The Company had been accepted as financial creditor by the NCLT. The NCLT has passed an Order approving the plan filed by one of the resolution applicants, pursuant to which an amount of ₹617.62 Lakhs (including interest) has been received during the year.
- 60 a) In view of the amalgamation referred to in note 1.2, the Company had recognised a deferred tax asset on unutilised carried forward losses and depreciation in respect of DIL Limited as it is probable that future taxable profits will be available against which the unutilised carried forward losses can be utilised.
- b) During the year ended March 31, 2020, the management has assessed the recoverability of MAT credit entitlement and recognised MAT credit of ₹5,072.14 Lakhs (presented within deferred tax asset). Further, the effect of change in the Minimum alternative tax rate from 18% to 15% plus applicable surcharge and health and education cess thereon as enacted in the Taxation Law (Amendment) Ordinance, 2019 and also a change in the income tax rate from 30% to 25% plus applicable surcharge and health and education cess thereon as enacted in the Union Budget 2019 for companies which have turnover less than 400 crores for the financial year 2017-18. Accordingly, the Company had measured the deferred taxes (other than MAT credit entitlement as referred above) as at March 31, 2020 at the eligible tax rate of 25% plus applicable surcharge and health and education cess thereon.
- c) The combined effects of the above [60(a) and 60(b)] have been included in the tax expense for the year ended 31st March, 2020: reversal of current tax by ₹510.03 Lakhs and net credit for deferred tax of ₹1,611.08 Lakhs.

61 Capitalisation of borrowing costs

During the year ended March 31, 2020, the Company capitalised the following borrowing costs attributable to qualifying assets to the cost of property, plant and equipment / capital work-in-progress (CWIP). Consequently, finance costs disclosed under note 37 are net of amounts capitalised by the Company.

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Finance costs (Including forex revaluation)	234.29	4.84
Total	234.29	4.84

- 62 The Company had given (unsecured) Inter-corporate deposits aggregating ₹2,130.00 Lakhs in various tranches to another entity over the last twenty months until the end of the reporting period for the development of the new product i.e. cholesterol from Fish Oil. During the year, the Company has also given trade advances of ₹102.00 Lakhs to the same entity. The amount outstanding as on March 31, 2020 is ₹2,430.88 Lakhs, including interest of ₹198.88 Lakhs. The Company has started the export sales of the new product and is confident that it shall be able to recover the trade advances and Inter corporate deposit amount along with interest in next 12 months.

Notes to the Standalone financial statements for the year ended March 31, 2020

63 The World Health Organisation (WHO) declared Covid-19 to be a global pandemic in March 2020. The lockdown and restrictions imposed on various activities due to COVID-19 pandemic have posed challenges to the Company.

In Compliance with the directions issued by the Government of India, the Company had suspended operations at two of our manufacturing locations in Dahej, Gujarat and Kullu, Himachal Pradesh with effect from March 25, 2020 to ensure the safety of our employees and their families and to contain the spread of COVID-19.

The Company was granted permission by the District Magistrate, to partially run both of our plants, for manufacturing of Essential Commodities. In view of the same, the Company had resumed partial operations at Kullu plant from April 03, 2020 and Dahej plant from April 04, 2020.

The Company has adopted work from home policy during the entire duration of lockdown in its corporate office and R&D centre at Thane since March 16, 2020

As per the current assessment of the situation based on the internal and external information available up to the date of approval of these standalone financial statements by the Board of Directors, the Company believes that the Impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of property, plant and equipment, investment property, goodwill, other intangible assets, inventories, trade receivables, investments and other assets. The eventual outcome of the impact of the global health pandemic may be different from those-estimated as on the date of approval of these standalone financial statements and the Company will closely monitor any material changes to the economic environment and their impact on its business in the time to come.

64 a) The Board of Directors at their meeting held on June 29, 2020 had approved the standalone financial results of the Company for the year ended March 31, 2020. Subsequent thereto there have been no events which require adjustment or disclosure in these standalone financial statements except for disclosure made in footnote to 46D.

b) The Standalone financial statements were approved for issue by the Board of Directors on August 28, 2020.

**For and on behalf of the Board of Directors of
Fermenta Biotech Limited (Formerly known as DIL Limited)**

Krishna Datla
Managing Director

Satish Varma
Executive Director

Prashant Nagre
Chief Executive Officer

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Thane, August 28, 2020

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Fermenta Biotech Limited
(formerly known as DIL Limited)

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Fermenta Biotech Limited (formerly known as DIL Limited) ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit/loss in its associate, which comprise the Consolidated Balance Sheet as at 31 March, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated 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 and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below, except for the possible effects of the matter described in the Basis for Qualified Opinion section below, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31 March, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

The Parent has given (unsecured) Inter-corporate deposits aggregating ₹2,130.00 Lakhs in various tranches to another entity over the last twenty months until the end of the reporting period. During the year, the Parent has also given trade advances of ₹102.00 Lakhs to the same entity. The amount outstanding as on March 31, 2020 is ₹2,430.88 Lakhs, including interest of ₹198.88 Lakhs. The deposits are repayable within one year from the date of entering into the ICD agreement and are further renewable such that the total period of deposits does not exceed three years. No Interest has been recovered on these deposits since inception. As per that entity's latest available audited financial statements for the year

ended March 31, 2019, the entity is dominantly dependent on borrowings, including from banks, and the net worth is marginal. Further, the directors of that entity in their report have stated that no provision for interest has been made as per mutually agreed terms. The Management of the Parent has represented to us that they have not entered into any such terms that would result in non-receipt of interest. For the reasons stated in Note 67 to the consolidated financial statements, the Management of the Parent believes that no impairment on these Inter-corporate deposits including interest accrued on such deposits and trade advances is deemed necessary. Having regard to the foregoing and in the absence of sufficient appropriate audit evidence, we are unable to comment whether the aforesaid Inter-corporate deposits including interest accrued on such deposits and trade advances would be recoverable including the consequential impact, if any, of such impairment that may be required to be made in the consolidated financial statements.

We conducted our audit of the consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group and its associate 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 consolidated 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraph (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Recoverability of MAT credit entitlement - (See Notes 2(j) and 59C to the consolidated financial statements)</p> <p>Unused tax credits in the form of MAT credits is recognized to the extent it is reasonably certain that sufficient taxable profits will be available in the future against which such MAT credits can be utilized.</p> <p>During the year, the Parent Company has reassessed the recoverability of MAT credit entitlement and recognized MAT credit of ₹5,072.14 Lakhs (presented within deferred tax asset).</p> <p>The recoverability of such MAT credit entitlement is considered as a key audit matter as it involves significant management judgement including accounting estimates relating to profitability forecasts, availability of sufficient taxable income in the future and recoverability within the specified period of time.</p>	<p>Our principal audit procedures performed included, among others:</p> <ol style="list-style-type: none"> 1. Evaluated the design and tested the operating effectiveness of controls related to the assessment of recoverability of MAT credit entitlement. 2. Evaluated and discussed with the Parent's Management the appropriateness of assumptions and evidences for the underlying profitability forecasts. Assessed the assumptions used in the profitability forecasts along with the Parent Company's tax position including the timing of future taxable profits. We also performed sensitivity analysis on the key assumptions in respect of recoverability of MAT credit entitlement. 3. Assessed the adequacy of disclosures made in the consolidated financial statements of the Group.

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, for example, management discussion & analysis, board's report, etc. but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.
- 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 Consolidated Financial Statements

The Parent's 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its Associate in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the respective entities 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 their respective entities 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 of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 Parent 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 ability of the Group and its associate 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 consolidated 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 Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the 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.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements 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.

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

Other Matters

- (a) We did not audit the financial statements of 3 subsidiaries, whose financial statements reflect total assets of ₹146.18 Lakhs as at 31 March, 2020, total revenues of ₹18.02 Lakhs and net cash outflows amounting to ₹1.64 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The above figures are before giving effects of any consolidation adjustments. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management of the Parent and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- (b) We did not audit the financial information of 2 subsidiaries, whose financial information reflect total assets of ₹2,327.99 Lakhs as at 31 March, 2020, total revenues of ₹85.71 Lakhs and net cash inflows amounting to ₹35.44 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The above figures are before giving effects of any consolidation adjustments. The consolidated financial statements also include the Group's share of net profit/loss of ₹ Nil for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of an associate, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management of the Parent and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management of the Parent, these financial information are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements

below, 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 information certified by the Management of the Parent.

- (c) Due to COVID-19 related lockdown, we were not able to physically observe the physical verification of inventory that was carried out by the Management of the Parent subsequent to the year end. Consequently, we have performed alternate procedures to audit the existence and condition of inventory as per the guidance provided in the Standard on Auditing 501 "Audit Evidence – Specific Consideration for Selected Items", which includes inspection of supporting documents, on test check basis, relating to purchases, production, sales, results of cyclical counts performed by the Management of the Parent through the year and such other third party evidences as applicable, and have obtained sufficient appropriate audit evidence to issue an unmodified opinion on the consolidated financial statements.
- (d) As stated in Note 1.2 to the consolidated financial statements, pursuant to the Scheme of Amalgamation of erstwhile Fermenta Biotech Limited, as stated in the said Note, into the Parent becoming effective during the year ended March 31, 2020, the corresponding financial information for the year ended March 31, 2019 has been restated.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

- a) We have sought and except for the matter described under the 'Basis for Qualified Opinion' section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) Except for the possible effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) Except for the possible effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

- e) The matter described in the Basis for Qualified Opinion section above, in our opinion, may have an adverse effect on the functioning of the Group.
- f) On the basis of the written representations received from the directors of the Parent as on March 31, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.
- h) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in the Annexure, which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses a qualified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Parent.
- i) 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 by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.
- j) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate - See Note 62 to the consolidated financial statements;
- ii) The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies, incorporated in India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner

Place: Mumbai
Date: August 28, 2020

(Membership No. 36920)
(UDIN: 20036920AAAACV9501)

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Fermenta Biotech Limited (formerly known as DIL Limited)]

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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Fermenta Biotech Limited (formerly known as DIL Limited) (hereinafter referred to as "the Parent") and its subsidiary companies (excluding an associate which is unaudited), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India, 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

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 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 assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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.

Basis for Qualified Opinion

With respect to the Parent, according to the information and explanations given to us and based on our audit, a material weakness has been identified in the Parent's internal financial controls over financial reporting in respect of the assessment of impairment in the carrying value of (unsecured) inter-corporate deposits including interest accrued on such deposits and trade advances, wherein the Parent does not have relevant internal financial controls in place, which could potentially result in recognising these financial assets and other current assets at a value more than its recoverable amount and consequential overstatement of profits and overstatement of other equity as at March 31, 2020.

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

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, except for the possible effects of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, in so far as it relates to the Parent, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, maintained adequate internal financial controls system over financial reporting as of March 31, 2020 based on the criteria

for internal financial control over financial reporting established by the respective companies 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, and the Parent's and its subsidiary companies, internal financial controls over financial reporting were operating effectively as of March 31, 2020.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Company for the year ended March 31, 2020, and the material weakness has affected our opinion on the said consolidated financial statements of the Company and we have issued a qualified opinion on the consolidated financial statements.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 3 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For Deloitte Haskins & Sells LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani

Partner
(Membership No. 36920)
(UDIN: 20036920AAAACV9501)

Place: Mumbai
Date: August 28, 2020

Consolidated Balance sheet as at March 31, 2020

(₹ in Lakhs)

	Notes	March 31, 2020	March 31, 2019*
ASSETS			
Non-current assets			
a) Property, plant and equipment	3	10,400.35	9,730.32
b) Capital work-in-progress		6,707.51	2,072.16
c) Right-of-use assets	4	1,428.46	-
d) Investment property	5A	7,126.17	7,382.81
e) Goodwill	5B	412.79	412.79
f) Other intangible assets	6	647.56	230.20
g) Intangible assets under development		369.38	85.99
h) Investments in an associate	7	-	-
i) Financial assets			
i) Investments	8	25.60	58.19
ii) Share application money	9	-	597.00
iii) Loans	10	25.00	25.32
iv) Others financial assets	11	405.68	462.75
j) Deferred tax assets (net)	59C	3,810.51	1,931.70
k) Non-current tax assets (net)	12	908.25	333.18
l) Other non-current assets	13	698.88	2,241.39
Total non-current assets		32,966.14	25,563.80
Current assets			
a) Inventories	14	12,858.19	8,766.53
b) Financial assets			
i) Investments	15	-	114.79
ii) Trade receivables	16	6,977.42	6,554.40
iii) Cash and cash equivalents	17	751.45	4,076.50
iv) Bank balances other than (iii) above	18	2,559.54	5,036.92
v) Loans	19	2,130.00	1,180.26
vi) Other financial assets	20	637.27	258.22
c) Other current assets	21	2,487.44	3,573.29
Total current assets		28,401.31	29,560.91
TOTAL ASSETS		61,367.45	55,124.71
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	22	1,442.37	458.64
b) Equity shares pending issuance		-	22.15
c) Other equity	23	29,501.17	24,573.99
Equity attributable to owners of the Company		30,943.54	25,054.78
Non-controlling interests		1.24	1.82
Total equity		30,944.78	25,056.60
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	24	10,178.67	13,520.93
ii) Lease liabilities	43	264.07	-
iii) Other financial liabilities	25	59.44	185.18
b) Provisions	26	405.83	630.94
c) Other non-current liabilities	27	54.93	133.41
Total non-current liabilities		10,962.94	14,470.46
Current liabilities			
a) Financial liabilities			
i) Borrowings	28	10,433.30	6,021.25
ii) Lease liabilities	43	104.85	-
iii) Trade payables			
A) Total outstanding dues of micro and small enterprises and;	65	98.01	97.89
B) Total outstanding dues of creditors other than micro and small enterprises		5,535.46	4,174.08
iv) Other financial liabilities	29	2,973.76	4,251.90
b) Other current liabilities	30	233.62	489.79
c) Provisions	31	48.71	50.23
d) Current tax liabilities (net)	32	32.02	512.51
Total current liabilities		19,459.73	15,597.65
TOTAL EQUITY AND LIABILITIES		61,367.45	55,124.71

*(Refer note 1.2)

See accompanying notes 1 to 69 to the Consolidated financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors of
Fermenta Biotech Limited (Formerly known as DIL Limited)

Rajesh K. Hiranandani
Partner

Krishna Datla
Managing Director

Satish Varma
Executive Director

Prashant Nagre
Chief Executive Officer

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Mumbai, August 28, 2020

Thane, August 28, 2020

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(₹ in Lakhs)

	Notes	March 31, 2020	March 31, 2019*
Income:			
Revenue from operations	33	29,294.92	40,467.04
Other income	34	1,232.30	1,236.52
Total Income		30,527.22	41,703.56
Expenses:			
Cost of materials consumed	35	10,561.26	10,320.06
Purchases of stock-in-trade		50.15	187.54
Changes in inventories of finished goods, stock-in-trade and work-in-progress	36	(2,708.90)	(1,282.35)
Employee benefits expense	37	5,003.15	5,317.79
Finance costs	38	1,914.04	2,065.31
Depreciation and amortisation expense	39	1,499.97	1,188.75
Other expenses	40	9,865.54	11,035.85
Total expenses		26,185.21	28,832.95
Profit before tax		4,342.01	12,870.61
Tax expense:			
Current tax	64	338.88	3,195.65
Deferred tax credit	59C & 64	(1,948.89)	(2,115.30)
Total tax expense		(1,610.01)	1,080.35
Profit for the year before share of loss of associates and a joint venture		5,952.02	11,790.26
- Share of loss of associates		-	(49.82)
- Share of profit / (loss) of a joint venture		-	7.04
Profit for the year		5,952.02	11,747.48
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
a) (i) Remeasurements of defined benefit plan		240.63	(186.51)
(ii) Income tax relating to remeasurements of defined benefit plan		(70.07)	35.33
b) Net fair value change in investment in equity instruments through other comprehensive income		11.34	2.57
Items that will be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations		(8.33)	-
Total other comprehensive income / (loss) for the year (a+b)		173.57	(148.61)
Total comprehensive income for the year		6,125.59	11,598.87
Profit for the year attributable to:			
- Owners of the Company		5,952.60	11,745.32
- Non-controlling interests		(0.58)	2.16
		5,952.02	11,747.48
Total other comprehensive income / (loss) for the year			
- Owners of the Company		173.57	(148.61)
- Non-controlling interests		-	-
		173.57	(148.61)
Total comprehensive income for the year attributable to:			
- Owners of the Company		6,126.17	11,596.71
- Non-controlling interests		(0.58)	2.16
		6,125.59	11,598.87
Earnings per equity share of ₹5 each (Post bonus)			
Basic (in ₹)	22 (c) & 41	20.63	40.72
Diluted (in ₹)		20.53	40.70

*(Refer note 1.2)

See accompanying notes 1 to 69 to the Consolidated financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered AccountantsFor and on behalf of the Board of Directors of
Fermenta Biotech Limited (Formerly known as DIL Limited)Rajesh K. Hiranandani
PartnerKrishna Datla
Managing DirectorSatish Varma
Executive DirectorPrashant Nagre
Chief Executive OfficerSumesh Gandhi
Chief Financial OfficerSrikant N. Sharma
Company Secretary

Mumbai, August 28, 2020

Thane, August 28, 2020

Consolidated Statement of changes in equity for the year ended March 31, 2020

(a) Equity share capital

	March 31, 2020	March 31, 2019
Balance at the beginning of the year	458.64	229.32
Add: Issue of shares pursuant to scheme of amalgamation (Refer note 1.2)	22.15	-
Add: Issue of Bonus shares	961.58	229.32
Balance at the end of the year	1,442.37	458.64

(b) Other equity

	Reserves and surplus				Items of other comprehensive income			Attributable to the Owners of the Parent Company	Non Controlling Interest	Total
	Capital reserve	Capital reserve pursuant to redemption of amalgamation	Unrealised gain/(loss) on dilution	General reserve	Share options outstanding account	Retained earnings	Foreign currency translation reserve			
Balance as at April 01, 2018	1,140.00	-	-	4,736.70	-	-	-	9.26	1,098.36	13,313.86
Pursuant to scheme for amalgamation (Refer note 1.2)	-	1,074.20	-	-	-	-	-	-	(1,098.70)	(22.15)
Profit for the year	-	-	-	-	-	11,745.32	-	-	2.16	11,747.48
Recognition of share based payments	-	-	-	-	52.80	-	-	-	52.80	52.80
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	(138.25)	-	-	-	(138.25)
Utilised for issue of bonus shares	-	-	-	(229.32)	-	-	-	-	-	(229.32)
Other comprehensive income for the year	-	-	-	-	-	(151.18) ⁶	2.57	-	(148.61)	(148.61)
Balance as at March 31, 2019	1,140.00	1,074.20	(4,242.23)	4,507.38	52.80	21,960.01	11.83	24,573.99	1.82	24,575.81
Profit for the year	-	-	-	-	-	5,952.60	-	-	(0.58)	5,952.02
Recognition of share based payments	-	-	-	-	554.69	-	-	-	-	554.69
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	(719.84)	-	-	-	(719.84)
Incremental expenses on amalgamation	-	-	-	-	-	(72.26)	-	-	-	(72.26)
Utilised for issue of bonus shares	-	-	-	(961.58)	-	-	-	-	-	(961.58)
Other comprehensive income for the year	-	-	-	-	-	170.56 ⁶	(8.33)	11.34	-	173.57
Balance as at March 31, 2020	1,140.00	1,074.20	(4,242.23)	3,545.80	607.49	27,291.07	(8.33)	23.17	1.24	29,502.41

@Represents remeasurement of defined benefits plan

See accompanying notes 1 to 69 to the Consolidated financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors of
Fermenta Biotech Limited (Formerly known as DIL Limited)

Rajesh K. Hiranandani
Partner

Krishna Datla
Managing Director

Satish Varma
Executive Director

Prashant Nagre
Chief Executive Officer

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Mumbai, August 28, 2020

Thane, August 28, 2020

Consolidated Cash Flow Statement for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019*
A. Cash flows from operating activities		
Profit before tax	4,342.01	12,870.61
Adjustments for:		
Depreciation and amortisation expense	1,499.97	1,188.75
Net unrealised foreign exchange (gain)/loss	73.40	(139.41)
Loss on sale/write off of property, plant and equipment (net)	15.53	57.73
Allowance for doubtful debts	91.46	64.34
Allowance for doubtful inter-corporate deposit given to an associate	-	37.00
Share based payments to employees	554.69	52.80
Allowance for doubtful advances	31.96	3.24
Gain on sale of equity shares of an associate	-	(2.79)
Trade receivables and advances written off	42.33	21.13
Provision for impairment in the value of share application money in an associate	-	186.34
Impairment in the value of non-current investments	43.94	-
Gain on sale of financial assets - current investments	(4.81)	-
Net gain arising on financial assets measured at fair value through profit and loss	-	(8.90)
Finance costs	1,914.04	2,065.31
Interest income	(564.53)	(419.81)
Dividend income	(0.44)	(0.38)
Liabilities / provisions no longer required written back	(296.59)	-
Operating profit before working capital changes	7,742.96	15,975.96
Movements in working capital:		
Decrease in trade receivables	9.70	267.09
Increase in inventories	(4,091.66)	(3,648.65)
(Increase)/decrease in other assets	1,131.50	(1,402.67)
Increase in trade payables	1,554.66	279.88
Increase in provisions	14.00	182.04
Increase / (decrease) in other liabilities	(1,520.76)	666.39
	4,840.40	12,320.04
Income taxes paid (net of refunds)	(1,394.44)	(3,285.82)
Net cash generated from operations (A)	3,445.96	9,034.22
B. Cash flows from investing activities		
Payments for purchase of property, plant and equipment, investment property, capital work-in-progress, intangible assets and intangible assets under development	(6,846.93)	(3,577.15)
Proceeds on sale of property, plant and equipment	-	53.72
Inter-corporate deposits given	(980.00)	(1,150.00)
Interest received	460.09	292.74
Proceeds from share application money received back	597.00	-
Proceeds from sale of shares of an associate	-	37.00
Proceeds from sale of current investments	119.60	-
Dividend received	0.44	0.38
Deposits with a financial institution	(300.00)	(300.00)
Deposits with banks not considered as cash and cash equivalents (net)	2,583.88	(5,014.66)
Net cash used in investing activities (B)	(4,365.92)	(9,657.97)

Consolidated Cash Flow Statement for the year ended March 31, 2020

Particulars	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019*
C. Cash flows from financing activities		
Proceeds from long term borrowings	3,085.98	1,317.95
Repayment of long term borrowings	(6,528.31)	(759.92)
Net increase in short term borrowings	1,688.96	2,852.31
Finance costs	(2,055.93)	(2,042.78)
Repayment of Lease Liabilities	(213.86)	-
Dividends paid	(597.16)	(121.67)
Dividends distribution tax paid	(124.42)	(23.57)
Net cash generated from/(used in) financing activities (C)	(4,744.74)	1,222.32
Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)	(5,664.70)	598.57
Cash and cash equivalents at the beginning of the year	3,842.26	3,243.69
Cash and cash equivalents at the end of the year	(1,822.44)	3,842.26
Components of cash and cash equivalents		
Cash on hand	4.32	3.34
Balances with banks		
In current accounts	747.13	1,174.10
Deposits with original maturity of less than 3 months	-	2,899.06
Cash and cash equivalents (Refer note 17)	751.45	4,076.50
Cash credit and Bank overdraft facilities included under loans repayable on demand (Refer note 28)	(2,573.89)	(234.24)
Total cash and cash equivalents considered for cash flows	(1,822.44)	3,842.26

*(Refer note 1.2)

See accompanying notes 1 to 69 to the Consolidated financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors of
Fermenta Biotech Limited (Formerly known as DIL Limited)

Rajesh K. Hiranandani
Partner

Krishna Datla
Managing Director

Satish Varma
Executive Director

Prashant Nagre
Chief Executive Officer

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Mumbai, August 28, 2020

Thane, August 28, 2020

Notes to the Consolidated financial statements for the year ended March 31, 2020

1.1 Corporate information

Fermenta Biotech Limited (Formerly Known as DIL Limited or 'the Parent Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1913. Its shares are listed on Bombay Stock Exchange. The registered office of the Company is located at A- 1501, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) 400610. The Parent Company is engaged in the business of renting properties and manufacturing and marketing of chemicals, bulk drugs, enzymes, pharmaceutical formulations and environmental solution products. The Parent Company caters to both domestic and international markets. The Parent Company also has strategic investments in subsidiaries / associate companies primarily dealing in manufacturing and marketing bulk drugs and providing services of sporting and health awareness activities / education activities.

1.2 Scheme of amalgamation

The National Company Law Tribunal, Mumbai Bench, has approved the Scheme of Amalgamation between the Parent Company and erstwhile Fermenta Biotech Limited (FBL) and their respective shareholders. The Scheme has become effective from September 26, 2019. The appointed date of the Scheme is April 01, 2018. Accordingly, the effect of the Scheme has been given in these consolidated financial statements for the year ended March 31, 2020 and the figures for the corresponding previous year have been restated. The amalgamation has been accounted as common control transaction in accordance with Appendix C of Ind AS 103 'Business Combinations'.

The remaining shareholders of erstwhile FBL (i.e. other than the Parent Company) and the ESOP Trust of erstwhile FBL have been issued on October 10, 2019, 442,982 equity shares and 194,555 equity shares respectively, in the ratio of 100 shares of ₹5 each in the Company for every 251 shares of ₹10 each held in erstwhile FBL.

The name of the amalgamated company has been changed from DIL Limited (Parent Company) to Fermenta Biotech Limited vide Certificate of Incorporation issued by the Registrar of Companies, Mumbai dated October 17, 2019.

2. Significant accounting policies

2.1 Statement of compliance

The consolidated financial statements are prepared in accordance with and in compliance, in all material aspects, with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and other provisions of the Act. The financial statements of the Group have been consolidated using uniform accounting policies.

2.2 Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis, except for: (i) certain financial instruments that are measured at fair values at the end of each reporting period; and (ii) defined benefit plan – plan assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

a) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, share based payment transactions that are within the scope of Ind AS 102 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the Consolidated financial statements for the year ended March 31, 2020

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company, and its subsidiaries as disclosed in Note 46. Control is achieved when the Parent Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component or other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-Group balances, transactions including unrealised gain / loss from such transactions and cash flows relating to transactions between members of the Group are eliminated upon consolidation.

(c) Operating cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets/liabilities and their realization/settlement in cash and cash equivalents, the Group has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

(d) Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in 'Other equity' under 'gain / (loss) on dilution' and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the

Notes to the Consolidated financial statements for the year ended March 31, 2020

impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Investments in associates and joint ventures

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. The carrying value of the Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. When the Group's share of losses of an associate or a joint venture exceeds its interest in that associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has obligations or has made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture and discontinues from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there any is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Notes to the Consolidated financial statements for the year ended March 31, 2020

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(g) Foreign currencies

Foreign currency transactions

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are translated at exchange rates at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate). When a foreign operation is disposed of, the relevant amount in the Foreign Currency Translation Reserve is reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(h) Borrowing costs

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

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Employee Benefits

i) Short term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Notes to the Consolidated financial statements for the year ended March 31, 2020

Liabilities recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

ii) Termination benefits:

- A) Defined contribution plans: The Group contributes towards state governed provident fund scheme, employee state insurance scheme (ESIC) and labour welfare fund to all applicable employees and superannuation scheme for eligible employees. The Group has no further payment obligations once the contributions have been paid. Hence payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.
- B) Defined benefit plan: The employees' gratuity fund scheme represents the defined benefit plan. The cost of providing benefits is determined using projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the assets (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- i) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- ii) net interest expenses or income; and
- iii) remeasurement

The Group presents the first two components of defined benefit costs in the consolidated statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service cost.

iii) Share-based payments:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 60.

- (a) Includes impact of market performance conditions (e.g. entity's share price)
- (b) Excludes impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- (c) Excludes the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time)

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the "Share options outstanding account".

(j) Income Taxes

Income Tax expense represents the sum of the tax currently payable and deferred tax.

i) Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated financial statements for the year ended March 31, 2020

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances

ii) **Deferred tax:**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit under the Income Tax Act, 1961.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognized for all the 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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

iii) **Presentation of current and deferred tax:**

Current and deferred tax are recognized in the profit and loss, except when they relate to items that are recognised in Other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has 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 Group.

(k) Revenue recognition

The Group derives revenues primarily from sale of manufactured chemicals, bulk drugs, enzymes, pharmaceutical formulations, environmental solution products and rental income from investment property. Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Group in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Amounts collected on behalf of third parties such as sales tax, and Goods and Services Tax are excluded from revenue.

Sale of Goods:

The Group recognises revenue when it transfers control of a product or service to a customer. The control of goods is transferred to the customer depending upon the incoterms or as agreed with customer or delivery basis. Control is considered to be transferred to the customer:

- when the customer has ability to direct the use of such goods and obtain substantially all the benefits from it such as following delivery,
- the customer has full discretion over the manner of distribution and price to sell the goods,
- the customer has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

Notes to the Consolidated financial statements for the year ended March 31, 2020

Rental income from investment property

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. 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.

Rendering of services:

Revenue from services rendered is recognised pro-rata over the period of the contract as the underlying services are performed.

Infrastructure support services, consists of maintenance of common area in the investment property and supply of essentials. Revenue from such services are recognised in accordance with the terms of the agreement entered into with individual lessees.

Interest and dividend:

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Interest on income tax refund is recognised on receipt of refund order.

Dividend income is recognized when the Group's right to receive payment is established which is generally when shareholders approve the dividend.

Export Incentives:

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit under the Duty Drawback, Mercantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head "Other Operating Revenue" in the consolidated statement of profit and loss and is accounted in the year of export.

(I) **Property, plant and equipment (PPE)**

The Group had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its property, plant and equipment.

Measurement at recognition:

Items of property, plant and equipment are stated in balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C of Schedule II of the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Consolidated financial statements for the year ended March 31, 2020

The estimated useful lives of property, plant and equipment are as follows:

Assets	Estimated useful life (in years)
Buildings	30-60
Lease hold improvements (included in buildings)	5-10
Plant and equipment	5-20
Office Equipment (included in plant and equipment)	5-6
Computers (included in plant and equipment)	3-6
Furniture and fixtures	6-10
Vehicles	8

(m) Investment property

The Group had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its investment property.

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured-initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 requirements for cost model.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property
- commencement of development with a view to sale, for a transfer from investment property to inventories
- end of owner-occupation, for a transfer from owner-occupied property to investment property;
- commencement of an operating lease to another party, for a transfer from inventories to investment property

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

The estimated useful lives of Investment property are as follows:

Assets	Estimated useful life (in years)
Building	60
Plant and equipment	15

(n) Intangible assets

(a) Intangible assets acquired separately

The Group had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its intangible assets.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from use or disposal. Any gain or loss arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in consolidated statement of profit and loss when the assets is derecognised.

(b) Internally-generated intangible assets - Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An Internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if, all the below stated conditions are fulfilled:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset and use or sell it;
- its ability to use or sell the asset;

Notes to the Consolidated financial statements for the year ended March 31, 2020

- (iv) how the asset will generate probable future economic benefits;
- (v) the availability of adequate resources to complete the development and to use or sell the asset; and
- (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

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

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

The estimated useful lives of intangible assets are as follows:

Assets	Estimated useful life (in years)
Computer software	3-6
Product know-how	3-5

(o) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for a reasonable and consistent allocation basis to be identified.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) in the case of an individual asset, at the higher of the net selling price and the value in use; and
- (ii) in the case of a cash generating unit (a Group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

[The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Group suitably adjusted for risks specified to the estimated cash flows of the asset.]

For this purpose, a cash generating unit is ascertained as the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

If recoverable amount of an asset (or a cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the consolidated statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit and loss.

(p) Impairment of goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Any impairment loss for goodwill is recognised directly in profit or loss and is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the Consolidated financial statements for the year ended March 31, 2020

(q) Inventories

Inventories consisting of raw materials and packing materials, work-in-progress, stock-in-trade and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost of raw materials and packing materials and stock-in-trade comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

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

(r) Financial instruments

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

Financial assets

Initial recognition and measurement:

All financial assets are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial asset on initial recognition. Transaction costs directly attributable to the acquisition of financial assets as at fair value through profit or loss are recognised immediately in profit or loss. All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales of financial assets are financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories -

- (1) Debt instruments at amortised cost
- (2) Debt instruments at fair value through other comprehensive income (FVTOCI)
- (3) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- (4) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

(1) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest 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 of the Statement of profit and loss. The losses arising from impairment are recognised in the Statement of profit or loss.

(2) Debt instrument at FVTOCI

A 'debt instrument' is measured as at FVTOCI, if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the contractual terms of the instrument that give rise on specified dates to cash flows that are SPPI 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 Group recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Notes to the Consolidated financial statements for the year ended March 31, 2020

(3) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

(4) Equity Instruments

All equity Instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- 1) The contractual rights to receive cash flows from the asset have expired, or
- 2) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) The Group has transferred substantially all the risks and rewards of the asset, or
 - (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement; in that case the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial assets, and guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit adjusted effective interest rate for purchase or originated credit-impaired financial assets). The Group estimates cash flow by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if the default occurs within the 12-months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12-months.

Notes to the Consolidated financial statements for the year ended March 31, 2020

If the Group's measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risks has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Financial liabilities and equity instruments

Classification as debts or equity:

Debts and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue cost.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in consolidated statement of profit and loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities:

Initial recognition and measurement:

All financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities as at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement:

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Notes to the Consolidated financial statements for the year ended March 31, 2020

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit, or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit and loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the company that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in note 52.

Financial liabilities at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit and loss.

Offsetting of financial instruments

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

(s) Leasing

The Group has applied Ind AS 116 using the 'retrospective approach with the cumulative effect at the date of initial application' and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

The Group as a lessor:

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Ind AS 116 does not change substantially how a lessor accounts for leases. Under Ind AS 116, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, Ind AS 116 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Notes to the Consolidated financial statements for the year ended March 31, 2020

The Group as a lessee:

The Group's lease asset classes primarily consist of leases for Residential premises, Office Premises, Godown, Industrials land and Vehicle. The Group 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 Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes 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 Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The right-of-use assets and lease liability is initially measured 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.

The lease payments that are not paid at the commencement date are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

- Fixed lease payments (including in-substance fixed payments) payable during the lease term and under reasonably certain extension options, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components when bifurcation of the payments is not available between the two components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient. Contingent and variable rentals are recognized as expense in the periods in which they are incurred.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are initially recognized 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. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Ind AS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Notes to the Consolidated financial statements for the year ended March 31, 2020

Extension and termination options are included in many of the leases. In determining the lease term the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise 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.

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

Effective April 01, 2019, the Group has adopted IND AS 116 "Leases" and applied to lease contracts existing on April 01, 2019, by electing 'retrospective approach with the cumulative effect at the date of initial application'. The impact of adoption of the standards is not material on the profit after tax for the year ended March 31, 2020 in the consolidated financial statements.

Also refer Note 43.

In respect of short-term leases and leases of low-value assets, the Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Accounting under Ind AS 17 "Leases" up to March 31, 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as a lessor:

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group'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 Group's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as a lessee:

Assets held under finance leases are initially recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs [see note 2(h) above]. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(t) Provisions, contingent liabilities and contingent assets

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

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

Notes to the Consolidated financial statements for the year ended March 31, 2020

the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows when the effect of the time value of money is material.

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

Contingent assets are not recognized in the consolidated financial statements of the Group. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

(u) Earnings per share

The Group presents basic and diluted earnings per share data for its equity shares.

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. Dilutive EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

(v) Cash and cash equivalents:

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

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of cash credit balances as they are considered an integral part of the Group's cash management.

(w) Operating segments:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments of the Group and accordingly is identified as the chief operating decision maker.

(x) Cash dividends to equity holders

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

(y) Use of estimates and judgements

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, 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 consolidated financial statements is included in the following notes:

Fair value measurement of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions.

Useful lives of property, plant and equipment, investment property and intangible assets:

Property, plant and equipment, investment property and intangible assets represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected

Notes to the Consolidated financial statements for the year ended March 31, 2020

useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time when the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Assets and obligations relating to employee benefits:

The employment benefit obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of employment benefit obligations.

Tax expense: [refer note 2(j)and note 59]

The Parent Company's tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes, if any, including amount expected to be paid/recovered for uncertain tax positions. Further, significant judgement is exercised to ascertain amount of deferred tax asset (DTA) that could be recognised based on the probability that future taxable profits will be available against which DTA can be utilized and amount of temporary difference in which DTA cannot be recognised on want of probable taxable profits.

Minimum Alternate Tax ("MAT") credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Parent Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists

Valuation of investment property [refer note 58]

Impairment of tangible and intangible assets other than goodwill [refer note 2(o)]

Impairment of Goodwill [Refer note 2(p)]

Provisions: [refer note 2(t)]

Write down in value of inventories: (refer note 14)

Estimation of uncertainty relating to COVID-19 global health pandemic – (Refer note 68)

Notes to the Consolidated financial statements for the year ended March 31, 2020

3 Property, plant and equipment

	(₹ in Lakhs)						
	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Leasehold Improvements	Total
At cost or deemed cost as at April 01, 2018	55.09	3,778.66	6,044.65	285.63	230.35	192.77	10,587.15
Additions	-	63.73	927.32	135.70	91.11	-	1,217.86
Transfer from Investment property	-	410.63	136.56	-	-	-	547.19
Transfer to Investment property	(20.79)	(55.51)	-	-	-	-	(76.30)
Disposals	-	(130.86)	(81.42)	(18.21)	(45.27)	-	(275.76)
Balance as at March 31, 2019	34.30	4,066.65	7,027.11	403.12	276.19	192.77	12,000.14
Additions	-	119.17	1,289.65	24.55	13.92	254.74	1,702.03
Disposals	-	-	(15.09)	-	(10.20)	-	(25.29)
Balance as at March 31, 2020	34.30	4,185.82	8,301.67	427.67	279.92	447.51	13,676.88
Accumulated depreciation							
As at April 01, 2018	-	330.65	1,011.87	65.04	96.50	19.38	1,523.44
Depreciation expense	-	205.07	580.07	51.33	33.54	9.69	879.70
Transfer from Investment property	-	16.67	17.57	-	-	-	34.24
Transfer to Investment property	-	(3.25)	-	-	-	-	(3.25)
Disposals	-	(72.04)	(46.71)	(11.27)	(34.29)	-	(164.31)
Balance as at March 31, 2019	-	477.10	1,562.80	105.10	95.75	29.07	2,269.82
Depreciation expense	-	182.35	680.48	70.61	32.39	50.89	1,016.72
Disposals	-	-	(3.70)	-	(6.31)	-	(10.01)
Balance as at March 31, 2020	-	659.45	2,239.58	175.71	121.83	79.96	3,276.53
Carrying amount							
As at March 31, 2019	34.30	3,589.55	5,464.31	298.02	180.44	163.70	9,730.32
As at March 31, 2020	34.30	3,526.37	6,062.09	251.96	158.09	367.55	10,400.35

(Refer Notes 24 and 28- For details of assets pledged as security)

4 Right-of-Use Assets

	(₹ in Lakhs)			
	Leasehold land	Buildings	Vehicles	Total
At Cost				
At April 1, 2019	1,055.85	359.26	149.01	1,564.12
Additions	-	-	17.20	17.20
Disposal	-	-	-	-
Balance as at March 31, 2020	1,055.85	359.26	166.21	1,581.32
Accumulated depreciation				
At April 1, 2019	-	-	-	-
Depreciation expenses	18.38	83.19	51.29	152.86
Balance as at March 31, 2020	18.38	83.19	51.29	152.86
Carrying amount				
As at March 31, 2020	1,037.47	276.07	114.92	1,428.46

(Refer Note 43)

(Refer Notes 24 and 28- For details of assets pledged as security)

Notes to the Consolidated financial statements for the year ended March 31, 2020

5A Investment property

(₹ in Lakhs)

Particulars	Freehold land	Buildings	Plant and equipment	Total
At cost or deemed cost as at April 01, 2018	-	6,443.82	2,142.95	8,586.77
Additions	-	-	33.36	33.36
Transfer to Property, plant and equipment	-	(410.63)	(136.56)	(547.19)
Transfer from Property, plant and equipment	20.79	55.51	-	76.30
Disposal	-	-	-	-
Balance as at March 31, 2019	20.79	6,088.70	2,039.75	8,149.24
Additions	-	-	-	-
Disposal	-	-	-	-
Balance as at March 31, 2020	20.79	6,088.70	2,039.75	8,149.24
Accumulated depreciation				
As at April 01, 2018	-	261.53	275.71	537.24
Depreciation expense	-	123.71	136.47	260.18
Transfer to Property, plant and equipment	-	(16.67)	(17.57)	(34.24)
Transfer from Property, plant and equipment	-	3.25	-	3.25
Balance as at March 31, 2019	-	371.82	394.61	766.43
Depreciation expense	-	124.77	131.87	256.64
Balance as at March 31, 2020	-	496.59	526.48	1,023.07
Carrying amount				
As at March 31, 2019	20.79	5,716.88	1,645.14	7,382.81
As at March 31, 2020	20.79	5,592.11	1,513.27	7,126.17

Notes:

Land includes ₹8.06 lakhs, being cost of land held in trust by the managing director and one of the directors of the Company.

Notes 24 and 28 - For details of assets pledged as security

5B Goodwill

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Deemed cost	533.79	533.79
Accumulated impairment losses	(121.00)	(121.00)
	412.79	412.79

6 Other Intangible assets

(₹ in Lakhs)

	Computer software	Product know-how	Total
At cost or deemed cost as at April 01, 2018	270.35	147.42	417.77
Additions	54.68	13.35	68.03
Balance as at March 31, 2019	325.03	160.77	485.80
Additions	24.92	466.19	491.11
Balance as at March 31, 2020	349.95	626.96	976.91
Accumulated amortisation			
As at April 01, 2018	60.16	146.57	206.73
Amortisation expense	43.57	5.30	48.87
Balance as at March 31, 2019	103.73	151.87	255.60
Amortisation expense	66.61	7.14	73.75
Balance as at March 31, 2020	170.34	159.01	329.35
Carrying amount			
As at March 31, 2019	221.30	8.90	230.20
As at March 31, 2020	179.61	467.95	647.56

Notes to the Consolidated financial statements for the year ended March 31, 2020

7 Investments in associate (Non-current): (carrying amount determined using equity method of accounting)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Investment in associate - In equity instruments Unquoted (Fully paid up)		
Health and Wellness India Private Limited	-	-
30,12,504 Equity shares of ₹10 each (as at March 31, 2019- 30,12,504 Equity shares of ₹10 each)	-	-
Notes:		
The financial information in respect of this associate is not material to the group.		
Proportion of Group's ownership interest in the associate [Refer note 46]		
Accumulated unrecognised share of losses of associate		
Health and Wellness India Private Limited	-	-
Unrecognised share of losses of associate for the year		
Health and Wellness India Private Limited	-	-
Accumulated recognised share of losses of associate		
Health and Wellness India Private Limited	598.53	598.53

8 Investments (Non-current):

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Equity instruments:		
Unquoted Investments (all fully paid up)		
Investments in equity instruments at FVTPL		
Biodil Marsing Private Limited	5.90	5.90
59,000 Equity shares of ₹10 each (as at March 31, 2019 - 59,000 Equity shares of ₹10 each)		
Investments in equity instruments at FVTOCI		
Shivalik Solid Waste Management Limited	4.11	4.11
20,000 Equity shares of ₹10 each. (as at March 31, 2019 - 20,000 Equity shares of ₹10 each)		
Zela Wellness Private Limited	47.53	43.94
58,048 Equity shares of ₹10 each (as at March 31, 2019 - 58,048 Equity shares of ₹10 each)		
	57.54	53.95
Less: Impairment in the value of investments	(53.43)	(5.90)
Total aggregate unquoted Investments (A)	4.11	48.05
Quoted Investments (all fully paid)		
Investments in equity instruments at FVTOCI		
Abbott India Limited	21.49	10.14
139 Equity shares of ₹10 each (as at March 31, 2019 - 139 Equity shares of ₹10 each)		
Total aggregate quoted investments (B)	21.49	10.14
Total Non-current investments (A+B)	25.60	58.19
Aggregate carrying value of unquoted investments before impairment	57.54	53.95
Aggregate amount of impairment in value of investments	53.43	5.90
Aggregate amount of quoted investments and market value thereof	21.49	10.14

9 Share application money

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Health and Wellness India Private Limited	186.34	186.34
Less: Impairment in the value of share application money	(186.34)	(186.34)
Noble Explochem Limited [Refer note 63]	-	597.00
	-	597.00

Notes to the Consolidated financial statements for the year ended March 31, 2020

10 Loans (Non-current)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Loan to employees, considered good - unsecured	25.00	25.32
Inter corporate deposit - considered doubtful - unsecured #	37.00	304.83
Less : Allowance for doubtful inter corporate deposit	(37.00)	(304.83)
	25.00	25.32
# Includes amount given as inter corporate deposit to an associate		
Amount outstanding as at year end		
- Health and Wellness India Private Limited	37.00	37.00
Maximum amount outstanding during the year		
- Health and Wellness India Private Limited	37.00	37.00
This loan was granted to Health and Wellness India Private Limited for the purpose of their business.		
Movement in the Allowance for doubtful inter corporate deposit		
Balance at the beginning of the year	304.83	267.83
Addition during the year	-	37.00
Written back during the year	(80.00)	-
Written off during the year	(187.83)	-
Balance at the end of the year	37.00	304.83

11 Other financial assets (Non-current)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Security deposits	139.68	126.33
Bank deposits with remaining maturity of more than 12 months* (Refer note 17)	13.76	122.00
Deposits with a financial institution	200.00	200.00
Interest accrued but not due from Banks	3.10	-
Interest accrued but not due from a financial institution	32.39	13.57
Others	16.75	0.85
	405.68	462.75
*This consists of deposits:		
- held in the form of Debt Security Reserve (DSR) with Kotak Mahindra Bank Limited	-	110.00
- kept for fund based bank guarantee with Bank of Baroda	1.00	-
- kept for fund based bank guarantee with Union Bank of India	12.76	12.00

12 Non-current tax assets (net)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Advance income-tax (net of provision for tax)	908.25	333.18
	908.25	333.18

13 Other assets (Non-current)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Capital advances	612.19	1,002.47
Advances recoverable in cash or kind		
Unsecured considered good	-	45.91
Unsecured, considered doubtful	19.01	19.01
	19.01	64.92
Less: Allowance for doubtful advances	19.01	19.01
	-	45.91
Unamortised lease premium	-	1,018.95
Deferred rent	8.43	39.89
Prepaid expenses	74.51	130.42
Balances with government authorities	3.75	3.75
	698.88	2,241.39

Notes to the Consolidated financial statements for the year ended March 31, 2020

14 Inventories

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
(At lower of cost and net realisable value)		
Raw materials and packing materials [includes stock in transit of ₹490.14 Lakhs (as at March 31, 2019 ₹66.11 Lakhs)]	5,308.05	4,050.21
Work-in-progress	5,140.06	2,939.87
Finished goods	2,018.85	1,482.55
Stores and spares	391.23	293.90
	12,858.19	8,766.53

Notes :

- (i) The cost of inventories recognised as expense is disclosed in notes 35, 36, 40 and as purchase of stock-in-trade in the Consolidated statement of profit and loss.
- (ii) Inventory write downs are accounted considering the nature of inventory, ageing, liquidation plan and net realisable value. Write downs of inventories amounted to ₹19.07 Lakhs (as at March 31, 2019 - ₹17.43 Lakhs). The changes in write downs are recognised as an expense in the Consolidated statement of profit and loss.

15 Investments (Current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
In Mutual funds at FVTPL*		
Unquoted investments (Units of ₹10 each fully paid)		
Union Capital Protection Oriented Fund - Series 7	-	114.79
Nil units (as at March 31, 2019 - 10,00,000)		
	-	114.79

* Investments in mutual funds have been fair valued at the closing net asset value (NAV).

16 Trade receivables (unsecured)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Considered good	6,977.42	6,554.40
Credit Impaired	366.61	308.73
	7,344.03	6,863.13
Less: Allowance for doubtful debts (expected credit loss allowance)	(366.61)	(308.73)
	6,977.42	6,554.40
Movement in the expected credit loss allowance		
Balance at the beginning of the year	308.73	1,033.63
Addition during the year	91.46	64.34
Written off during the year	-	(789.24)
Reversal during the year	(33.58)	-
Balance at the end of the year	366.61	308.73

17 Cash and cash equivalents

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Balances with banks		
In current accounts	747.13	1,174.10
In deposit accounts with original maturity for less than 3 months	-	2,899.06
Cash on hand	4.32	3.34
	751.45	4,076.50

Notes to the Consolidated financial statements for the year ended March 31, 2020

18 Bank balances other than cash and cash equivalents

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Balances with banks		
In Unpaid dividend accounts	13.51	15.25
In escrow account	3.70	-
In deposit accounts with original maturity for more than 3 months but less than 12 months*	2,542.33	5,021.67
	2,559.54	5,036.92

*This includes deposits held under lien by bank against guarantees and other commitments amounting to ₹1,947.61 Lakhs (as at March 31, 2019: ₹560.69 Lakhs)

19 Loans (Current)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Unsecured, considered good		
Inter corporate deposits # (Refer note 67)		
D.K.Biopharma Private Limited	2,130.00	1,150.00
Loans to employees	-	30.03
Others	-	0.23
	2,130.00	1,180.26

The inter-corporate deposits were granted to the entity for the purpose of its business.

20 Other financial assets (Current)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Interest accrued but not due		
On fixed deposits from banks	20.17	99.48
On fixed deposits with a financial institution	11.54	5.53
On Inter corporate deposits (Refer note 67)	198.88	43.05
Deposits with a financial institution*	400.00	100.00
Others		
Unsecured, considered good	6.68	10.16
Unsecured, considered doubtful	1.18	1.18
Less: Allowance for doubtful advances	(1.18)	(1.18)
	6.68	10.16
	637.27	258.22

*Deposits kept under lien with Bajaj finance limited amounting to ₹400 Lakhs (as at March 31, 2019: ₹ Nil Lakhs)

21 Other current assets

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Advance for supply of goods and services		
Considered good	415.97	368.25
Considered doubtful	36.36	4.41
Less: Allowance for doubtful advances	(36.36)	(4.41)
	415.97	368.25
Deferred rent	3.62	17.33
Prepaid expenses	180.14	194.24
Travel advances to employees	28.72	6.02
Unamortised lease premium	-	18.16
Export incentive receivables		
Considered good	488.26	1,500.43
Considered doubtful	3.24	3.24
Less: Allowance for doubtful export incentive receivables	(3.24)	(3.24)
	488.26	1,500.43
Balances with government authorities	1,370.73	1,464.13
Others	-	4.73
	2,487.44	3,573.29

Notes to the Consolidated financial statements for the year ended March 31, 2020

21 Other current assets (contd.)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Movement in the Allowance for doubtful advances and export incentive receivables.		
Balance at the beginning of the year	7.65	30.94
Addition during the year	31.96	3.24
Written off during the year	-	(26.53)
Reversal during the year	(0.01)	-
Balance at the end of the year	39.60	7.65

22 Equity share capital

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Authorised:		
4,98,40,000 Equity shares of ₹5/- each (as at March 31, 2019 - 98,40,000 Equity shares of ₹5/- each)	2,492.00	492.00
1,60,000 Unclassified shares of ₹5/- each (as at March 31, 2019 - 1,60,000 Unclassified shares of ₹5/- each)	8.00	8.00
	2,500.00	500.00
Issued, subscribed and paid-up :		
2,94,30,987 Equity shares of ₹5/- each (as at March 31, 2019 - 91,72,792 Equity shares of ₹5/- each)	1,471.55	458.64
Less: 5,83,665 Equity shares held by FBL ESOP Trust (as at March 31, 2019 - Nil) [Refer note (e) below]	(29.18)	-
	1,442.37	458.64

(a) Details of shareholders holding more than 5% shares in the Company (excluding share pending issuance)

Name of the shareholders	March 31, 2020		March 31, 2019	
	No of Shares in lakhs	% holding in the class	No of Shares in lakhs	% holding in the class
Equity shares of ₹5/- each fully paid (as at March 31, 2019 ₹5/- each fully paid up)				
DVK Investments Private Limited, the Holding Company	150.75	51.22%	49.44	53.91%
Mr. Krishna Datla	24.19	8.22%	7.96	8.68%

(b) Shares held by the Holding Company

Out of equity shares issued by the Company, shares held by its Holding Company are as below.

	March 31, 2020	March 31, 2019
	₹ in Lakhs	₹ in Lakhs
DVK Investments Private Limited, the Holding Company		
1,50,75,318 Equity shares of ₹5/- each fully paid (as at March 31, 2019 - 49,44,940 Equity shares of ₹5/- each fully paid)	753.77	247.25

(c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	March 31, 2020		March 31, 2019	
	Number of Shares	₹ In Lakhs	Number of Shares	₹ In Lakhs
Equity Shares				
Opening Balance	91,72,792	458.64	22,93,198	229.32
Add: Split of Shares	-	-	22,93,198	-
Add: Issue of shares pursuant to scheme of amalgamation (Refer Note 1.2)	4,42,982	22.15	-	-
Add: Issue of Bonus Shares	1,92,31,548	961.58	45,86,396	229.32
Closing Balance	2,88,47,322	1,442.37	91,72,792	458.64

During the year, the Company has allotted bonus equity shares in the ratio of two fully paid up equity share of ₹5/- each for every one existing fully paid up equity share of ₹5/- each held by the members, which has been approved by the shareholders through postal ballot. The record date for implementation of above corporate events was fixed on February 14, 2020. In view of the

Notes to the Consolidated financial statements for the year ended March 31, 2020

22 Equity share capital (contd.)

above, the company's revised paid up capital as at March 31, 2020 is ₹1,442.37 Lakhs consisting of 28,847,322 equity shares of ₹5/- each (net of ₹29.18 Lakhs consisting of 5,83,665 equity share of ₹5/- each held by ESOP Trust) as against paid up share capital and share pending issuance of ₹480.79 Lakhs consisting of 9,615,774 equity shares of ₹5/- each pertaining to previous year. The earnings per share has been adjusted for previous year presented in accordance with Ind AS 33 Earnings per Share prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder (Refer note 41).

During the previous year, the Company has split the face value of equity shares of the Company from face value of ₹10/- per share to face value of ₹5/- per share and thereafter has also allotted bonus equity shares in the ratio of one fully paid up equity share of ₹5/- each for every one existing fully paid up equity share of ₹5/- each held by the members, which has been approved by the shareholders through postal ballot. The record date for implementation of above corporate events was fixed on August 09, 2018. In view of the above, the Company's revised paid up share capital as at March 31, 2019 is ₹458.64 Lakhs consisting of 91,72,792 equity shares of ₹5/- each.

d) Rights, preferences and restrictions

The Company has issued only one class of equity shares having par value of ₹5/- per share (March 31, 2019; - ₹5/- per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays the dividend in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to shareholders' approval in the ensuing Annual General Meeting, except in case of interim dividend.

During the year, the Board of directors have declared an interim dividend of 100% (₹5.00 per equity share of ₹5/- each) for the financial year 2019-20 which has been paid during the year.

During the previous year, the Company had recommended dividend at the rate 25% (₹1.25 per equity share of ₹5/- each) for financial year 2018-19 which has been paid during the year (Refer note 57)

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

e) FBL ESOP Trust:

The Company has formulated Employee Stock Option Scheme namely Fermenta Biotech Limited - Employee Stock Option 2019 (ESOP 2019) in terms of the Scheme of amalgamation of erstwhile FBL with the Company. The equity shares are held by FBL ESOP Trust (Refer note 60).

	March 31, 2020	March 31, 2019
	Number of Shares	Number of Shares
Outstanding at the beginning of the year	-	-
Issue of shares pursuant to scheme of amalgamation (Refer Note 1.2)	1,94,555	-
Issue of Bonus shares	3,89,110	-
Outstanding at the end of the year	5,83,665	-

23 Other equity

	Reserves and Surplus						Items of other comprehensive income		Total	
	Capital reserve	Capital reserve pursuant to amalgamation	Capital redemption reserve	Unrealised gain/(loss) on dilution	General reserve	Share options outstanding account	Retained earnings	Foreign currency translation reserve		Equity instruments through OCI
Balance as at April 01, 2018	1,140.00	-	70.00	(4,242.23)	4,736.70	-	10,501.77	-	9.26	12,215.50
Pursuant to scheme for amalgamation (Refer note 1.2)	-	1,074.20	-	-	-	-	2.35	-	-	1,076.55
Profit for the year	-	-	-	-	-	-	11,745.32	-	-	11,745.32
Recognition of share based payments	-	-	-	-	-	52.80	-	-	-	52.80
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	-	(138.25)	-	-	(138.25)

Notes to the Consolidated financial statements for the year ended March 31, 2020

23 Other equity (contd.)

	Reserves and Surplus						Items of other comprehensive income		Total	
	Capital reserve	Capital reserve pursuant to amalgamation	Capital redemption reserve	Unrealised gain/(loss) on dilution	General reserve	Share options outstanding account	Retained earnings	Foreign currency translation reserve		Equity instruments through OCI
Utilised for issue of bonus shares	-	-	-	-	(229.32)	-	-	-	-	(229.32)
Other comprehensive income for the year	-	-	-	-	-	-	(151.18) [@]	-	2.57	(148.61)
Balance as at March 31, 2019	1,140.00	1,074.20	70.00	(4,242.23)	4,507.38	52.80	21,960.01	-	11.83	24,573.99
Profit for the year	-	-	-	-	-	-	5,952.60	-	-	5,952.60
Recognition of share based payments	-	-	-	-	-	554.69	-	-	-	554.69
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	-	(719.84)	-	-	(719.84)
Incremental expenses on amalgamation	-	-	-	-	-	-	(72.26)	-	-	(72.26)
Utilised for issue of bonus shares	-	-	-	-	(961.58)	-	-	-	-	(961.58)
Other comprehensive income for the year	-	-	-	-	-	-	170.56	(8.33)	11.34	173.57
Balance as at March 31, 2020	1,140.00	1,074.20	70.00	(4,242.23)	3,545.80	607.49	27,291.07	(8.33)	23.17	29,501.17

@Represents remeasurement of defined benefit plan

Description of nature and purpose of each reserve

Capital reserve: Capital reserve was created in the financial years 1995-96 and 1996-97 pursuant to sale of the Parent Company's brands for which non compete fees were received and treated as a capital receipt.

Capital reserve pursuant to amalgamation : This reserve created consequent to amalgamation of a subsidiary with the Company.

Capital redemption reserve: This reserve was created for redemption of preference shares of ₹70.00 lakhs in the financial year 2010-2011.

Unrealised gain/(loss) on dilution: This reserve represents unrealised gain/(loss) due to change in the shareholdings in a subsidiary.

General Reserve: The reserve arises on transfer portion of the net profit pursuant to earlier provision of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act. 2013.

Share options outstanding account: The fair value of the equity settled share based payment transactions is recognised in share options outstanding account.

Retained earnings: Profits generated by the Group that are not distributed to shareholders as dividends but are reinvested in the business.

Equity instruments through other comprehensive income: This represents the cumulative gains / losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

Foreign currency translation reserve: Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference in the foreign currency translation reserve are reclassified to consolidated profit or loss on the disposal of the foreign operations.

Notes to the Consolidated financial statements for the year ended March 31, 2020

24 Long-term borrowings:

(₹ in Lakhs)

	March 31, 2020		March 31, 2019	
	Non-current	Current	Non-current	Current
Secured				
Term loans				
From banks				
For Dahej facility [Refer note below (a)]	-	65.45	64.84	200.00
For Dahej facility [Refer note below (b)]	1,367.16	482.34	736.66	44.24
For Dahej facility [Refer note below (c)]	1,523.62	508.09	-	-
For R & D Thane / registered office [Refer note below (d)]	-	-	-	46.51
For Vehicles [Refer note below (e)]	7.07	6.06	13.14	5.52
From others				
For business operations [Refer note below (f)]	-	-	3,076.46	680.00
For business operations [Refer note below (g)]	2,953.88	-	4,958.00	-
For business operations [Refer note below (h)]	4,326.94	355.11	4,671.83	351.06
Total	10,178.67	1,417.05	13,520.93	1,327.33
Amount disclosed under the head "other current financial liabilities" (Refer note 29)	-	(1,417.05)	-	(1,327.33)
Net amount	10,178.67	-	13,520.93	-

Notes

- Term loan for expansion of Dahej facility is taken from Union Bank of India with interest rate MCLR + 2% effective rate for the current year is between 10.00% to 10.60% (previous year effective rate was 10.65%) repayable in 48 equal monthly instalments starting from November-2016. The said term loan is secured by way of first pari-passu charge on property, plant and equipment procured with the financial assistance of the term loan and by equitable mortgage of factory land and buildings at Dahej and Kullu.
- Term loan (External Commercial Borrowing) is taken from Yes Bank Limited for financing the capital expenditure for new project at Dahej SEZ with interest rate EURIBOR plus 3.5% (effective rate 3.5%), repayable in 48 equal monthly instalments starting from February 2020. The said ECB loan is secured by way of first pari-passu charge on property, plant and equipment, second charge on entire current assets and by equitable mortgage of factory land and buildings at Dahej and Kullu and all movable property, plant and equipment of the Company except vehicles with Union Bank of India and Kotak Mahindra Bank.
- Term loan (Foreign Currency Term Loan and INR Term Loan) is taken from Union Bank of India for financing the capital expenditure for new project at Dahej SEZ with interest rate EURIBOR plus 3.10% (effective rate 3.10%) for FCTL, MCLR + 2% (effective rate 10.00% to 10.65%) for Rupee Term Loan repayable in 48 equal monthly instalments starting from April 2020. The said Loan is secured by way of first pari-passu charge on property, plant and equipment, second charge on entire current assets and by equitable mortgage of factory land and buildings at Dahej and Kullu and all movable property, plant and equipment of the Company except vehicles with Yes Bank Limited and Kotak Mahindra Bank Limited.
- Term loan for relocation of R & D units / registered office is taken from Union Bank of India with interest rate MCLR + 2.15% (effective rate 10.65%) repayable in 48 equal monthly instalments starting from December-2015. The said term loan is secured by way of first pari-passu charge on property, plant and equipment procured with the financial assistance of the term loan and by equitable mortgage of factory land and buildings of Dahej and Kullu. The term loan has been repaid fully during the year.
- Vehicle loan is taken from the ICICI Bank Limited against hypothecation of the vehicles purchased, repayable in 60 monthly instalments starting from May-2017 with interest rates 9.37%, (previous year in the range of 9.37% to 14%)
- Term loan from Kotak Mahindra Investments Limited under the loan against property (LAP) scheme of ₹4,000 lakhs at interest rate of 11.00% to 12.25% p.a. payable in 15 quarterly instalments starting from March 31, 2019 and secured by way of equitable Mortgage of Ground, 14th, 15th and 16th floors of Thane One, land admeasuring approx. 45 acres located at Takawe, Pune (25 acres owned by Fermenta Biotech Limited (formerly DIL Limited) and balance 20 acres held in trust by the Managing Director of the Company and others), and pledge of 30% equity stake in the erstwhile Fermenta Biotech Limited. Further, the said loan has been guaranteed by the personal guarantee of the Managing Director of the Company and corporate guarantee of the Holding Company, DVK Investment Private Limited. This term loan has been paid fully during the year.

Notes to the Consolidated financial statements for the year ended March 31, 2020

24 Long-term borrowings: (contd.)

- g) Loan by way of discounting of lease rental of Thane One Building consisting of 1st floor to 13th floor from Bajaj Finance Limited the effective rate for the current year is 9.75% (previous year effective rate in the range of 9.25% to 9.75%) repayable after 156 months on August 15, 2030 in one instalment. The said loan is secured by hypothecation of the lease agreements of Thane One (consisting of 1st floor to 13th floor). Further the loan has been guaranteed by the personal guarantee of the Managing Director of the Parent Company and the corporate guarantee of the Holding Company, DVK Investment Private Limited. During the year Company has repaid partial amount.
- h) Loan against property and loan by way of discounting of lease rental of Thane One Building consisting of 1st floor to 13th floor from Bajaj Finance Limited, the effective rate for the current year in the range of 10.00% to 10.32% (previous year effective rate in the range of 9.72% to 10.32%) The said loan is secured by hypothecation of the lease agreements of Thane One (consisting of 1st floor to 13th floor) and equitable mortgage of the premises at Ceejay House owned by Aegean Properties Limited (APL), a wholly owned subsidiary of the Parent Company. Further these loans have been guaranteed by the personal guarantee of the Managing Director of the Parent Company and the corporate guarantee of the holding company, DVK Investment Private Limited.

25 Other financial liabilities (Non current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Deposits from tenants	59.44	185.18
	59.44	185.18

26 Provisions (Non-current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Provisions for employee benefits		
Gratuity [Refer note 42]	104.10	275.32
Compensated absences	301.73	355.62
	405.83	630.94

27 Other liabilities (Non current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Deferred rent	54.93	133.41
	54.93	133.41

28 Borrowings (Current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Loans repayable on demand		
From banks (Secured)		
Cash credit and Bank overdraft	2,573.89	234.24
Packing credit	6,419.83	5,132.08
Short term Working capital loan	1,439.58	-
From others (Unsecured)		
Inter corporate deposits (ICD) from Allegro Corporate Finance Advisors Pvt. Ltd.	-	404.93
Inter corporate deposits (ICD) from DVK Investments Pvt. Ltd, the Holding Company	-	250.00
	10,433.30	6,021.25

Packing credit, cash credit from Union Bank of India, are secured by first pari-passu charge on hypothecation of stocks, book debts and and by equitable mortgage of factory land and buildings at Dahej and Kullu and all moveable property, plant and equipment of the Parent Company except vehicles with Yes Bank limited and Kotak Mahindra Bank Limited. The average interest rate for packing credit in foreign currency is 3.19% (EURO PCFC - EURIBOR+3%, USD PCFC - 6M LIBOR+3%) and average interest rate for cash credit is 10.00% to 10.65 %.

Packing credit from Yes Bank Limited is secured by first pari-passu charge on current assets of the Parent Company and by equitable mortgage of factory land and buildings at Dahej and Kullu and all moveable property, plant and equipment of the Parent Company except vehicles with Union Bank of India and Kotak Mahindra Bank Limited. The average interest rate for packing credit in foreign currency is 2.75%.

Notes to the Consolidated financial statements for the year ended March 31, 2020

28 Borrowings (Current) (contd.)

Packing credit and cash credit facility from Kotak Mahindra Bank Limited is secured by First pari-passu charge on current assets, moveable property, plant and equipment of the Parent Company and equitable mortgage of factory land and buildings at Dahej and Kullu with Union Bank of India and Yes Bank Limited (excluding the plant and building financed through term loan from Union Bank and Yes Bank). The average interest rate for packing credit in foreign currency is 2.5% and Cash credit is 10.50%

Short term working capital loan taken from Union Bank of India are secured against the lien of fixed deposits. The average interest rate is 7.90% .

ICD's from DVK Investments Pvt Ltd and Allegro Corporate Finance Advisors Pvt Ltd carried interest at rate of 12% p.a.

29 Other financial liabilities (Current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Current maturities of long-term debts (Refer note 24)	1,417.05	1,327.33
Deposits from tenants	541.54	296.78
Payable to the employees / directors	562.96	1,797.26
Liability for capital expenditure	395.55	520.88
Interest accrued but not due on borrowings	43.15	223.57
Unclaimed dividend	13.51	15.25
Due to others	-	70.83
	2,973.76	4,251.90

30 Other current liabilities

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Statutory dues	21.30	204.62
Advance from customers	161.82	199.37
Deferred rent	50.50	66.83
Others	-	18.97
	233.62	489.79

31 Provisions (Current)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Provision for employee benefits		
Compensated absences	42.74	44.26
Other provisions		
Provision for share of loss in a joint venture in excess of cost of investment	5.97	5.97
	48.71	50.23

32 Current tax liabilities (net)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Provision for income tax (net of advance tax)	32.02	512.51
	32.02	512.51

33 Revenue from operations

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Sale of products	26,725.15	37,593.72
Rent income	1,378.20	1,229.81
Amortised deferred rent	62.22	70.34
Sale of services	49.05	57.05
Service income (infrastructure support services to tenants)	308.02	248.25
Other operating revenues		
Export incentive	738.31	1,241.45
Scrap sales	33.97	26.42
	29,294.92	40,467.04

Notes to the Consolidated financial statements for the year ended March 31, 2020

34 Other income

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Interest income on financial assets carried at amortised cost:		
Bank deposits	379.85	337.52
Other financial assets	184.68	82.29
Dividend income on investments in equity instruments designated at fair value through other comprehensive income	0.44	0.38
Gain on sale of equity shares of an associate	-	2.79
Income from sale of films rights	200.00	-
Insurance Claims	20.06	290.88
Foreign exchange gain (net)	145.14	510.71
Net gain arising on financial assets measured at fair value through profit or loss	-	8.90
Gain on sale of financial assets - current investments	4.81	-
Liabilities / provisions no longer required written back	296.59	-
Miscellaneous income	0.73	3.05
	1,232.30	1,236.52

35 Cost of materials consumed

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Inventories of raw materials / packing materials at the beginning of the year	4,050.21	1,814.48
Add: Purchases	11,775.27	12,555.79
Foreign currency translation difference	43.83	-
Less: Inventories of raw materials / packing materials at the end of the year	5,308.05	4,050.21
	10,561.26	10,320.06

36 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Inventories at the end of the year		
Work-in-progress	5,140.06	2,939.87
Foreign currency translation difference	(27.59)	-
Finished goods	2,018.85	1,482.55
	7,131.32	4,422.42
Inventories at the beginning of the year		
Work-in-progress	2,939.87	2,225.09
Finished goods	1,482.55	914.98
	4,422.42	3,140.07
	(2,708.90)	(1,282.35)

37 Employee benefits expense

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Salaries and wages	3,760.88	4,665.07
Contribution to provident and other funds	220.54	180.64
Gratuity expense [Refer note 42]	92.74	44.78
Share based payments to employees [Refer note 60]	554.69	52.80
Staff welfare expenses	374.30	374.50
	5,003.15	5,317.79

Notes to the Consolidated financial statements for the year ended March 31, 2020

38 Finance costs

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Interest on		
Term loans	1,207.13	1,501.72
Loans repayable on demand	449.10	195.98
Loans from related parties	4.60	26.93
Lease liabilities	38.54	-
Liabilities carried at amortised cost (Unwinding of interest)	98.84	116.59
Others	6.13	164.30
Other borrowing costs	109.70	59.79
	1,914.04	2,065.31

39 Depreciation and amortisation expense

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Depreciation of property, plant and equipment (Refer note 3)	1,016.72	879.70
Depreciation on right-of-use assets (Refer note 4)	152.86	-
Depreciation of investment property (Refer note 5A)	256.64	260.18
Amortisation of intangible assets (Refer note 6)	73.75	48.87
	1,499.97	1,188.75

40 Other expenses

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
GST other than recovered on sales	123.69	121.68
Contract labour charges	426.23	402.09
Power and fuel	1,236.86	1,348.19
Processing charges	392.98	816.71
Repairs to Buildings	59.49	128.78
Repairs to Plant and machinery	151.96	186.98
Stores and spare parts consumed	994.23	1,097.92
Water charges	36.88	39.50
Advertising and sales promotion expenses	853.64	273.92
Freight and forwarding charges	575.33	553.04
Commission on sales	908.81	2,312.94
Rent (including lease rentals)	45.51	138.89
Repairs and maintenance -others	769.25	465.19
Insurance	276.96	186.57
Rates and taxes	268.37	167.43
Allowance for doubtful debts	91.46	64.34
Allowance for doubtful advances	31.96	3.24
Trade receivable, loans and advances written off	230.16	846.90
Less: Allowance held	(187.83)	(825.77)
Loss on sale of shares in a joint venture	-	588.00
Less: Provision for impairment held	-	(588.00)
Provision for impairment in the value of non-current investments	43.94	-
Provision for impairment in the value of share application money in an associate	-	186.34
Allowance for doubtful inter corporate deposit given to an associate	-	37.00
Travelling and conveyance	714.08	628.01
Professional and legal fees	807.52	760.77
Payment to auditors (Refer note below)	47.92	60.67
Postage and telephone	49.67	48.99
Printing and stationery	85.51	66.91
Security Expenses	106.10	85.65
Staff recruitment expenses	17.63	26.11
Bank charges	94.90	57.78

Notes to the Consolidated financial statements for the year ended March 31, 2020

40 Other expenses (contd.)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Initial cost for operating leases	59.32	52.28
Analytical Charges	136.72	127.65
Loss on sale/write off, of property, plant and equipment (net)	15.53	57.73
Donations	-	2.42
Miscellaneous expenses	400.76	509.00
	9,865.54	11,035.85

Payment to auditors (excluding statutory levy)

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
For audit	25.23	25.25
For limited review	15.00	15.00
For other services	6.51	18.53
Reimbursement of expenses	1.18	1.89
	47.92	60.67

41 Earnings per share (EPS):

The following table sets forth the computation of basic and diluted earnings per share :

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Profit for the year used for computation of basic and diluted earnings per share (₹ in lakhs)	5,952.60	11,745.32
Weighted average number of equity shares used in calculating basic and diluted EPS [Refer notes 22 (c)]	2,88,47,322	2,88,47,322
Effect of dilutive potential equity shares	1,46,571	14,228
Weighted average number of equity shares used in calculating diluted EPS	2,89,93,893	2,88,61,550
Basic earnings per equity share [nominal value of share ₹5 (March 31, 2019: ₹5)]	20.63	40.72
Diluted earnings per equity share [nominal value of share ₹5 (March 31, 2019: ₹5)]	20.53	40.70

42 Employee benefits

The Group operates following employee benefit plans

- I Defined contribution plans: Provident fund, Superannuation fund, Employee state insurance scheme (ESIC) and Labour welfare fund.
- II Defined benefit plan: Gratuity (funded)
- III Other long term benefit plan: Compensated absences (unfunded)

I) Defined Contribution Plans

The Group operates defined contribution retirement benefit plans for all qualifying employees of the Group. The contribution to defined contribution plan recognised as expenses in the Consolidated statement of profit and loss for the year is as under (Refer note 37).

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Employer's contribution to provident fund	206.84	169.94
Employer's contribution to superannuation fund	1.63	1.58
Employer's contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	11.98	9.07
Employer's contribution to labour welfare fund	0.09	0.04

II) Defined benefit plan

The Group operates a defined benefit plan, viz., gratuity.

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination. Provision for Gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Group reviews the level of funding in gratuity fund.

Notes to the Consolidated financial statements for the year ended March 31, 2020

42 Employee benefits (contd.)

- (a) Movements in the present value of the defined benefit obligation are as follows:

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Opening defined benefit obligation	550.11	322.32
Interest cost	39.00	22.99
Current service cost	73.16	40.14
Past Service Cost	-	-
Benefits paid	(26.35)	(22.13)
Actuarial (Gain)/loss on obligations- due to change in financial assumptions	(211.27)	143.52
Actuarial (Gain)/Loss on obligations- due to change in demographic assumptions	15.80	(0.11)
Actuarial (Gain)/loss on obligations- due to change in experience adjustment	(45.40)	43.38
Closing defined benefit obligation	395.05	550.11

- (b) Movements in the fair value of the plan assets are as follows:

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Opening fair value of plan assets	274.79	250.48
Employer's contributions	23.33	27.81
Interest income	19.42	18.35
Remeasurement gain / (loss) :		
Return on plan assets (excluding amounts included in net interest expense)	(0.24)	0.28
Benefit paid	(26.35)	(22.13)
Closing fair value of plan assets	290.95	274.79

- (c) Reconciliation of fair value of plan assets and defined benefit obligation:

The amount included in the financial statements arising from the Group's obligation in respect of its defined benefit obligation plan is as follows:

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Fair value of plan assets	290.95	274.79
Present value of obligation	395.05	550.11
Amounts recognized in the Consolidated balance sheet surplus/(deficit)	(104.10)	(275.32)

- (d) The amount recognised in Consolidated statement of profit and loss in respect of the defined benefit plan are as follows:

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Current service cost	73.16	40.14
Past service cost	-	-
Net interest expense / (income)	19.58	4.64
Components of defined benefit costs recognised in Consolidated statement of profit and loss	92.74	44.78

- (e) The amount recognised in other comprehensive income in respect of the defined benefit plan is as follows:

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Remeasurement on the net defined benefits liability:		
Return on plan assets (excluding amounts included in net interest expense)	(0.24)	0.28
Actuarial gains/ (losses) arising from changes in financial assumptions	211.27	(143.52)
Actuarial gains / (losses) arising from changes in demographic assumptions	(15.80)	0.11
Actuarial gains / (losses) arising from changes in experience adjustments	45.40	(43.38)
Components of defined benefit recognised as income / (loss) in other comprehensive income	240.63	(186.51)

Notes to the Consolidated financial statements for the year ended March 31, 2020

42 Employee benefits (contd.)

f) The principal assumptions used for the purpose of the actuarial valuations were as follows:

	March 31, 2020	March 31, 2019
Discount rate (per annum)	6.80%	7.45% to 7.75%
Salary escalation rate (per annum)	5.00%	10.00%
Expected rate of return on plan assets (per annum)	7.45%	7.45%- 7.50%
Retirement age	58 Years	58 Years
Mortality rate during employment (per annum)	Indian Assured lives Mortality (2006-08)	
Leaving Service (Age groups)	In the range of 1-10%	
	21-30 years - 1% to 4%	21-30 years - 1% to 10%
	31-40 years - 3%	31-40 years - 5%
	41-50 years - 2%	41-50 years - 3%
	Above 50 years - 1%	Above 50 years - 2%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is considered as per declaration from Life Insurance Corporation of India (LIC).

The expected contributions for defined benefit plan for the next financial year is ₹25.00 Lakhs (for the year ended March 31, 2019 - ₹25.00 Lakhs)

g) Maturity analysis of projected benefit obligation

	March 31, 2020	March 31, 2019
Expected benefits for Year 1	54.84	53.26
Expected benefits for Year 2	38.09	18.35
Expected benefits for Year 3	36.22	43.34
Expected benefits for Year 4	29.04	41.03
Expected benefits for Year 5	17.32	34.65
Expected benefits for Year 6	26.82	43.08
Expected benefits for Year 7	39.88	34.58
Expected benefits for Year 8	56.66	50.66
Expected benefits for Year 9	28.35	60.02
Expected benefits for Year 10 and above	509.09	1,136.04

(₹ in Lakhs)

h) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2020	March 31, 2019
Insurer Managed Funds	100%	100%

i) Sensitivity analysis

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at end of year, while holding all other assumptions constant. The result of sensitivity analysis is given below:

	March 31, 2020 Impact on defined benefit obligation	March 31, 2019 Impact on defined benefit obligation
Discount rate (- 0.50%)	4.56%	4.87% to 7.26%
Discount rate (+ 0.50%)	-4.22%	-4.49% to -6.65%
Salary Escalation Rate (- 0.50%)	-4.31%	-3.98 to -6.55%
Salary Escalation Rate (+ 0.50%)	4.62%	4.26% to 7.07%

Notes to the Consolidated financial statements for the year ended March 31, 2020

42 Employee benefits (contd.)

j) Inherent risks:

The inherent risk for the Company mainly are adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

II) Other long term benefit plan

Actuarial valuation for compensated absences is done as at the year end and provision is made as per Company rules with corresponding charge / (credit) to the Consolidated statement of profit and loss amounting to (₹)18.28 Lakhs [March 31, 2019: ₹185.39 Lakhs] and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined at the year end using the "Projected Unit Credit Model". Gains and losses on changes in actuarial assumptions related to defined benefit obligations are recognised in OCI where as gains and losses in respect of other long term employee benefit plans are recognised in the Consolidated statement of profit and loss.

43 Leases

(A) Assets taken on operating lease

Effective April 01, 2019, the Group has adopted Ind AS 116 "Leases" and applied to lease contracts existing on April 01, 2019, by electing 'retrospective approach with the cumulative effect at the date of initial application'. Under this approach, the Group has recorded lease liability at the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17.

The Group has entered into agreements for taking on lease and license basis certain residential and office premises and also taken vehicles on lease basis. The Group also has lease arrangements for land taken on lease at Dahej and Saykha. The lease term in respect of these lease ranges from 2 to 98 years. In respect of the said leases, the additional information is as under

Particulars	(₹ in Lakhs) March 31, 2020
Depreciation charge for right-of-use assets	152.86
Expenses relating to leases of low-value assets accounted for on straight line basis (included in Rent expenses in Note 40)	45.51
Total cash outflow for leases	213.86
Mayurity analysis of lease liabilities (on undiscounted basis)	
Less than one year	152.73
One to five years	384.21
More than five years	720.00
Total	1,256.94

Weighted average incremental borrowing rate applied to lease liabilities recognised in the balance sheet at the date of initial application 10%

The following is the summary of practical expedients elected on initial application:

- i) The Group has not reassessed whether a contract is or contains a lease at the date of initial application.
- ii) The Group has utilised the exemptions provided for short-term leases (less than a year) and leases for low value assets.
- iii) The Group has utilised hindsight in determining the lease terms where contracts contained options to extend or terminate the lease.
- iv) Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application

The difference between the operating lease commitments as of March 31, 2019, disclosed applying Ind AS 17 and the value of the lease liability recognised in the balance sheet at the date of initial application is primarily on account of inclusion of extension options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116.

Notes to the Consolidated financial statements for the year ended March 31, 2020

43 Leases (contd.)

General description of significant leasing agreements

- (i) Refundable interest free deposits have been given under lease agreements.
- (ii) Some of the agreements provide for early termination by either party with a specified notice period / renewal with conditions

Since Ind AS 116 has become applicable w.e.f. April 1, 2019, disclosure of comparative information is not applicable.

(B) Assets given on operating lease

The Parent Company has entered into operating lease agreement for sublease of property in Worli, Mumbai with original lease period expiring on December 31, 2022.

The Parent Company has also entered into various operating lease agreements for its properties in Thane with original lease periods expiring on April 2021. These agreements have a non-cancellable period at the beginning of the period for 3 years and have rent escalation provisions of 5% every year or 15% after 3 years.

Particulars	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
a) Rent income recognised in the Consolidated statement of profit and loss [Includes rentals on sub-lease of ₹227.18 lakhs (March 31, 2019: ₹192.01 lakhs)]	1,378.20	1,229.81
b) Future minimum lease income under the non-cancellable leases in the aggregate and for each of the following periods:		
i) Not later than one year	368.33	905.43
ii) Later than one year and not later than five years	4.36	372.69
iii) More than five years	-	-

44 Interest in joint venture

The proportionate share of joint venture, as disclosed below, in the assets, liabilities, income and expenditure is based on financial statements prepared as per Ind AS:

Name of joint venture	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company	
		March 31, 2020	March 31, 2019*
Agastya Films LLP	India, Thane one, Dil complex, Thane (West)	-	-

Particulars	March 31, 2020	March 31, 2019
Percentage of holding	-	50%
Current assets	-	-
Current liabilities	-	(5.97)
Net assets	-	(5.97)
Income	-	7.04
Other expenses	-	-
Profit/(Loss) before tax	-	7.04

*During the year ended March 31, 2019, the Parent Company sold its share of investment in the joint venture.

45 Segment information:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Parent Company. The Managing Director of the Parent Company, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CODM of the Parent Company. The Group has identified the following segments as reporting segments based on the information reviewed by CODM.

The business segments have been identified considering :

- a) the nature of products and services
- b) the differing risks and returns
- c) the internal organisation and management structure, and
- d) the internal financial reporting systems

Notes to the Consolidated financial statements for the year ended March 31, 2020

45 Segment information: (contd.)

The segment information presented is in accordance with the accounting policies adopted for preparing the consolidated financial statements of the Group. Segment revenues, expenses and results include inter-segment transfers.

A) The primary reporting of the Group has been performed on the basis of business segments, viz:

Property - Renting of properties

Chemicals/Bulk Drug- Manufacturing and selling of chemicals, primarily bulk drugs and enzymes.

Segments have been identified and reported based on the nature of the services, the risk and returns, the organisation structure and the internal financial reporting systems.

		(₹ in Lakhs)		
		2019-2020		
		2018-2019		
		Bulk Drug/Chemicals	Property	Total
a.	Revenue			
1	Segment revenue	27,550.83	1,963.05	29,513.88
		38,925.52	1,953.41	40,878.93
	Less : Inter-segment revenue	-	230.33	230.33
		-	411.89	411.89
	Unallocated revenue (net)			1,243.67
				1,236.52
2	Total			30,527.22
				41,703.56
b.	Result			
1	Segment profit	5,533.83	563.10	6,096.93
		15,149.14	582.97	15,732.11
2	Finance costs			1,914.04
				2,065.31
3	Unallocable income/(expenditure) (net)			157.41
				(1,534.91)
4	Inter segment results			1.71
				738.72
5	Profit before tax			4,342.01
				12,870.61
6	Tax expense			
	- current tax			338.88
				3,195.65
	- deferred tax credit			(1,948.89)
				(2,115.30)
7	Profit after tax			5,952.02
				11,790.26
c.	Other information			
1.	Segment assets	40,580.16	8,069.03	48,649.19
		32,700.32	8,250.11	40,950.43
2	Unallocated corporate assets			12,718.26
				14,174.28
3.	Total assets			61,367.45
				55,124.71
4.	Segment liabilities	7,289.02	814.09	8,103.11
		7,456.78	1,181.03	8,637.81
5.	Unallocated corporate liabilities			22,319.56
				21,430.30
6.	Total liabilities			30,422.67
				30,068.11
7.	Cost incurred during the year to acquire			
	- segment tangible and intangible assets	6,846.93	-	6,846.93
		3,481.17	45.88	3,527.05

Notes to the Consolidated financial statements for the year ended March 31, 2020

45 Segment information: (contd.)

	(₹ in Lakhs)		
	2019-2020		
	2018-2019		
	Bulk Drug/Chemicals	Property	Total
- unallocated segment tangible and intangible assets			-
			50.10
8. Depreciation and amortization expense	1,126.73	356.58	1,483.31
	<i>809.13</i>	<i>349.77</i>	<i>1,158.90</i>
9. Unallocated depreciation			16.66
			29.85

(Figures in italics are the corresponding figures in respect of the previous year.)

B) Geographical information

Geographical information is reported on the basis of the geographical location of the customers. The management views the Indian market and export markets as distinct geographical markets.

Revenue by market – The following is the distribution of the Group's revenue by geographical market:

	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
India		4,907.42
Bulk Drug/Chemicals	8,420.14	8,587.42
Property	1,732.72	1,541.52
Europe - Bulk Drug/Chemicals	8,635.50	21,276.47
USA - Bulk Drug/Chemicals	3,002.28	4,369.68
Others countries - Bulk Drug/Chemicals	7,504.28	4,691.95
	29,294.92	40,467.04

Assets by geographical area – The following is the carrying amount of segment non-current assets by geographical area in which the assets are located:

	(₹ in Lakhs)	
	Non-Current assets*	
	March 31, 2020	March 31, 2019
India		
Bulk Drug/Chemicals	17,687.93	10,602.93
Property	8,938.10	9,311.34
Europe		
Bulk Drug/Chemicals	466.19	-
	27,092.22	19,914.27

* Non-current assets exclude investments, loans, share application money, other financial assets, tax assets and other non current assets.

The Group has generated revenue aggregating ₹6,529.96 Lakhs from two customers (March 31, 2019 : ₹10,133.70 Lakhs from two customers). Revenue from each of these customers is 10% or more of the group's total revenue.

46 List of entities included in the consolidated financial statements is as under

	Country of Incorporation	Proportion of ownership interest as at	
		March 31, 2020	March 31, 2019
Parent Company:			
Fermenta Biotech Limited (Formerly Known as DIL Limited)	India		
Subsidiaries			
Aegean Properties Limited	India	100.00%	100.00%
CC Square Films Limited	India	100.00%	100.00%
Fermenta Biotech GmbH (w.e.f. September 05, 2019)	Germany	100.00%	-
Fermenta Biotech (UK) Limited	United Kingdom	100.00%	100.00%
G.I. Biotech Private Limited	India	62.50%	62.50%
Associate			
Health and Wellness India Private Ltd	India	47.15%	47.15%

Notes to the Consolidated financial statements for the year ended March 31, 2020

47 Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint venture as per Schedule III of Companies Act, 2013:

Sr No	Particulars	Name of the Entity	March 31, 2020				March 31, 2019											
			Net assets, i.e., total assets minus total liabilities	Share in profit/(loss)	Share in other comprehensive income/(loss)	Share in total comprehensive income/(loss)	Net assets, i.e., total assets minus total liabilities	Share in profit/(loss)	Share in other comprehensive income/(loss)	Share in total comprehensive income/(loss)								
			%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs						
I	Parent Company	Fermenta Biotech Limited	96%	29,636.73	104%	6,203.67	100%	173.57	104%	6,377.24	99%	24,809.43	101%	11,817.67	100%	(148.61)	101%	11,669.06
II	Subsidiary Companies																	
a.	India																	
		Aegean Properties Limited	0%	54.38	0%	(27.00)	-	-	0%	(27.00)	0%	57.10	0%	(24.67)	-	-	0%	(24.67)
		CC Square Films Limited	0%	5.62	0%	(0.00)	-	-	0%	(0.00)	0%	5.57	0%	0.04	-	-	0%	0.04
		G I Biotech Private Limited	0%	(0.12)	0%	(0.62)	-	-	0%	(0.62)	0%	0.50	0%	(0.68)	-	-	0%	(0.68)
b.	Foreign																	
		Fermenta Biotech (UK) Limited	1%	183.82	0%	(0.18)	-	-	0%	(0.18)	1%	183.99	0%	(2.10)	-	-	0%	(2.10)
		Fermenta Biotech GmbH	3%	1,064.35	-4%	(223.85)	0%	-	-4%	(223.85)	-	-	-	-	-	-	-	-
III	Non-controlling interests																	
		Health And Wellness India Private Limited	0%	(1.24)	0%	0.58	-	-	0%	0.58	0%	(1.82)	0%	(2.16)	-	-	0%	(2.16)
IV	Associates*																	
		Health And Wellness India Private Limited	0%	-	0%	-	-	-	0%	-	0%	-	0%	(7.48)	-	-	0%	(7.48)
		Zela Wellness Private Limited	0%	-	0%	-	-	-	0%	-	0%	-	0%	(42.34)	-	-	0%	(42.34)
V	Joint Venture*																	
		Agastya Films LLP	0%	-	0%	-	-	-	0%	-	0%	-	0%	7.04	-	-	0%	7.04
		Total	100%	30,943.54	100%	5,952.60	100%	173.57	100%	6,126.17	100%	25,054.78	100%	11,745.32	100%	(148.61)	100%	11,596.71

* Investments accounted as per the equity method

Notes to the Consolidated financial statements for the year ended March 31, 2020

48 Related parties disclosures as per Ind AS 24

A) Names of the related parties and description of relationships

a) Holding Company:

DVK Investments Private Limited

b) i) Key Management Personnel

Name of Key Management Personnel	Designation
Mr. Krishna Datla (also a person controlling the Holding Company)	Managing Director
Mr. Satish Varma	Executive Director
Ms. Anupama Datla Desai (also relative of the Managing Director)	Executive Director
Mr. Sanjay Buch	Non-Executive Director
Ms. Rajeshwari Datla (also relative of the Managing Director)	Non-Executive Director
Dr. Gopakumar Nair	Non-Executive Director
Mr. Vinayak Hajare	Non-Executive Director
Mr. Prashant Nagre	Chief Executive Officer
Mr. Sumesh Gandhi	Chief Financial Officer
Mr. Srikant N Sharma	Company Secretary

c) Joint Venture

Agastya Films LLP (up to December 31, 2018)

d) Associates

Health and Wellness India Private Limited

Zela Wellness Private Limited (up to November 29, 2018)

Silk Road Communications Private Limited (Associate of Holding Company)

e) Enterprises under significant influence of key management personnel or their relatives:

Magnolia FNB Private Limited

Dupen Laboratories Private Limited

Lacto Cosmetics (Vapi) Private limited

B) Related party transactions:

Sr. No.	Particulars	Holding Company	Key Management Personnel*	Enterprises under significant influence of key management personnel or their relatives		Joint ventures / associates	
1	Remuneration to Directors and Key Management Personnel (including commission)*						
	Mr. Krishna Datla	-	274.75	-	-	-	-
		(-)	(278.52)	(-)	(-)	(-)	(-)
	Mr. Satish Varma	-	196.13	-	-	-	-
		(-)	(740.11)	(-)	(-)	(-)	(-)
	Ms. Anupama Datla Desai	-	121.58	-	-	-	-
		(-)	(621.77)	(-)	(-)	(-)	(-)
	Mr. Prashant Nagre	-	186.32	-	-	-	-
		(-)	(279.11)	(-)	(-)	(-)	(-)
	Mr. Sumesh Gandhi	-	77.00	-	-	-	-
		(-)	(77.71)	(-)	(-)	(-)	(-)
	Mr. Srikant N Sharma	-	53.73	-	-	-	-
		(-)	(48.81)	(-)	(-)	(-)	(-)

Notes to the Consolidated financial statements for the year ended March 31, 2020

48 Related parties disclosures as per Ind AS 24 (contd.)

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Key Management Personnel*	Enterprises under significant influence of key management personnel or their relatives	Joint ventures / associates
	Commission to non-executive directors (excluding statutory levy)				
	Mr. Sanjay Buch	-	10.01	-	-
		(-)	(14.67)	(-)	(-)
	Dr. Gopakumar Nair	-	10.01	-	-
		(-)	(14.67)	(-)	(-)
	Ms. Rajeshwari Datla	-	10.01	-	-
		(-)	(-)	(-)	(-)
	Mr. Vinayak Hajare	-	10.01	-	-
		(-)	(-)	(-)	(-)
2	Directors sitting fees				
	Mr. Krishna Datla	-	2.60	-	-
		(-)	(2.80)	(-)	(-)
	Ms. Rajeshwari Datla	-	5.30	-	-
		(-)	(3.30)	(-)	(-)
	Mr. Satish Varma	-	2.50	-	-
		(-)	(3.60)	(-)	(-)
	Mr. Sanjay Buch	-	9.00	-	-
		(-)	(6.70)	(-)	(-)
	Mr. Vinayak Hajare	-	6.40	-	-
		(-)	(4.10)	(-)	(-)
	Dr. Gopakumar Nair	-	7.50	-	-
		(-)	(2.80)	(-)	(-)
3	Sale of products				
	Dupen Laboratories Private Limited	-	-	20.81	-
		(-)	(-)	(7.08)	(-)
4	Purchase of raw materials and packing materials				
	Lacto Cosmetics (Vapi) Private Limited	-	-	0.71	-
		(-)	(-)	(1.24)	(-)
5	Processing charges				
	Lacto Cosmetics (Vapi) Private Limited	-	-	3.69	-
		(-)	(-)	(5.66)	(-)
6	Other reimbursements received				
	Lacto Cosmetics (Vapi) Private Limited	-	-	1.60	-
		(-)	(-)	(1.05)	(-)
7	Rent income				
	DVK Investments Private Limited	0.30	-	-	-
		(0.30)	(-)	(-)	(-)
	Magnolia FNB Private Limited	-	-	0.30	-
		(-)	(-)	(0.30)	(-)
	Silk Road Communications Private Limited	-	-	-	1.35
		(-)	(-)	(-)	(1.35)
8	Provision for impairment in the value of share application money and inter corporate deposit in an associate				
	Health and Wellness India Private Limited	-	-	-	-
		(-)	(-)	(-)	(223.34)
9	Provision for share of loss in a joint venture in excess of cost of investment				
	Agastya Films LLP	-	-	-	-
		(-)	(-)	(-)	(7.05)

Notes to the Consolidated financial statements for the year ended March 31, 2020

48 Related parties disclosures as per Ind AS 24 (contd.)

Sr. No.	Particulars	Holding Company	Key Management Personnel*	Enterprises under significant influence of key management personnel or their relatives	(₹ in Lakhs)	
					Joint ventures / associates	
10	Loans taken					
	DVK Investments Private Limited	-	-	-	-	-
		(50.00)	(-)	(-)	(-)	(-)
11	Interest on loan taken					
	DVK Investments Private Limited	4.60	-	-	-	-
		(26.92)	(-)	(-)	(-)	(-)
12	Loans repayment					
	DVK Investments Private Limited	250.00	-	-	-	-
		(-)	(-)	(-)	(-)	(-)

(Figures in brackets are the corresponding figures in respect of the previous year.)

* Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

C) Balance outstanding as at the end of the year :

		(₹ in Lakhs)	
		March 31, 2020	March 31, 2019
a.	Trade Payables		
	Enterprises under significant influence of key management personnel or their relatives		
	Lacto Cosmetics (Vapi) Pvt Ltd	-	1.36
b.	Trade receivables		
	Enterprises under significant influence of key management personnel or their relatives		
	Dupen Laboratories Pvt Ltd	22.45	10.33
c.	Other financial liabilities		
	Key management personnel		
	Mr. Krishna Datla	130.00	117.34
	Mr. Satish Varma	78.00	606.69
	Ms. Anupama Datla Desai	40.00	530.79
	Mr. Prashant Nagre	50.05	159.61
	Mr. Srikant N Sharma	-	10.98
	Ms. Rajeshwari Datla	10.01	-
	Dr. Gopakumar Nair	10.01	14.67
	Mr. Sanjay Buch	10.01	14.67
	Mr. Vinayak Hajare	10.01	-
d.	Deposit from tenants		
	Associate of Holding Company		
	Silk Road Communications Private Limited	0.20	0.20
e.	Provision for diminution in the value of investment, inter-corporate deposits and other financial assets		
	Associate		
	Health and Wellness India Private Limited	223.34	223.34
f.	Loans to employees		
	Key management personnel		
	Mr. Prashant Nagre	27.52	26.15
	Mr. Srikant N Sharma	-	1.60
g.	Inter corporate deposits		
	Associate		
	Health and Wellness India Private Limited	37.00	37.00
h.	Loans repayable on demand		
	Holding company		
	DVK Investments Private Limited	-	250.00

Notes to the Consolidated financial statements for the year ended March 31, 2020

48 Related parties disclosures as per Ind AS 24 (contd.)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
i. Other financial liabilities (Interest accrued but not due)		
Holding company		
DVK Investments Private Limited	-	38.79
j. Provision for share of loss in a joint venture in excess of cost of investment		
Joint venture		
Agastya Films LLP	5.97	5.97

49 During the previous year ended March 31, 2019, the Parent Company sold 45,186 equity shares of ₹10 each in Zela Wellness Private Limited (Zela). Consequently, the Company's equity holding in Zela Wellness Private Limited (Zela) is reduced to 16.59% as against earlier 29.5% and accordingly, post November 29, 2018, the entity is not an associate of the Company.

50 Research and development expenditure:

Research and development expenditure of ₹653.85 Lakhs (March 31, 2019: ₹879.10 Lakhs) (excluding interest and depreciation) has been charged to the Consolidated statement of profit and loss. The capital expenditure in the current year on research and development amounts to ₹497.20 Lakhs (March 31, 2019: ₹115.16 Lakhs).

51 During the year ended March 31, 2020, Commission of ₹248.00 Lakhs to the Managing Director and Executive Directors and directors sitting fees and commission to non-executive directors aggregating ₹73.34 Lakhs has been charged to the Consolidated statement of profit and loss. During the year ended March 31, 2019, Commission of ₹1,137.54 Lakhs to the Managing Director and Executive Director of Erstwhile Fermenta Biotech Limited and Commission and directors sitting fees aggregating ₹169.98 Lakhs to the Non-Executive directors has been charged to the Consolidated statement of profit and loss

52 Categories of the financial instruments

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Financial assets		
Financial assets measured at fair value through Other comprehensive income		
Investments in equity instruments - quoted	21.49	10.14
Investments in equity instruments - unquoted	4.11	48.05
Financial assets measured at fair value through profit or loss		
Investments in mutual funds - unquoted	-	114.79
Financial assets measured at amortised cost		
(i) Trade receivables	6,977.42	6,554.40
(ii) Cash and cash equivalents	751.45	4,076.50
(iii) Bank balances other than (ii) above	2,559.54	5,036.92
(iv) Share application money	-	597.00
(v) Loans	2,155.00	1,205.58
(vi) Other financial assets	1,042.95	720.97
Total Financial assets	13,511.96	18,364.35
Financial liabilities measured at amortised cost		
(i) Borrowings	22,029.02	20,869.51
(ii) Lease liabilities	368.91	-
(iii) Trade payables	5,633.47	4,271.97
(iv) Other financial liabilities	1,616.15	3,109.75
Total Financial liabilities	29,647.55	28,251.23

53 Reconciliation of Level 3 fair value measurements:

Particulars	March 31, 2020	March 31, 2019
Opening balance	48.05	4.11
Transferred during the year	-	43.94
Total gains or (losses)		
Recognised in consolidated statement of profit and loss.	(43.94)	-
Closing balance	4.11	48.05

Notes to the Consolidated financial statements for the year ended March 31, 2020

54 Fair value

Fair value of financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required:

(₹ in Lakhs)

Particulars	Carrying value		Fair value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial assets				
(i) Trade receivables	6,977.42	6,554.40	6,977.42	6,554.40
(ii) Cash and cash equivalents	751.45	4,076.50	751.45	4,076.50
(iii) Bank balances other than (ii) above	2,559.54	5,036.92	2,559.54	5,036.92
(iv) Share application money	-	597.00	-	597.00
(v) Loans	2,155.00	1,205.58	2,155.00	1,205.58
(vi) Others financial assets	1,042.95	720.97	1,042.95	720.97
Total assets	13,486.36	18,191.37	13,486.36	18,191.37
Financial liabilities				
(i) Borrowings	22,029.02	20,869.51	22,029.02	20,869.51
(ii) Lease liabilities	368.91	-	368.91	-
(iii) Trade payables	5,633.47	4,271.97	5,633.47	4,271.97
(iv) Other financial liabilities	1,616.15	3,109.75	1,616.15	3,109.75
Total liabilities	29,647.55	28,251.23	29,647.55	28,251.23

The financial assets above do not include other investments measured at fair value through OCI.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Consolidated financial statements approximate their fair values.

55 Fair value hierarchy:

(₹ in Lakhs)

	March 31, 2020		March 31, 2019	
	Fair Value	Fair value hierarchy	Fair Value	Fair value hierarchy
Financial assets measured at fair value through Other comprehensive income				
Investments in equity shares-quoted	21.49	Level 1	10.14	Level 1
Investments in equity shares-unquoted	4.11	Level 3	48.05	Level 3
Financial assets measured at fair value through profit or loss				
Investments in mutual funds	-	-	114.79	Level 2

56 Financial risk management objectives and policies

The Group is exposed to credit risk, liquidity risk and market risk. The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

a) Market risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates, commodity prices and equity price risk). Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term borrowings. The Group is exposed to market risks related to foreign exchange rate risk, commodity rate risk, interest rate risk and other price risks, such as equity price risks. Thus, the Group's exposure to market risk is a function of borrowing activities, revenue generating and operating activities in foreign currencies.

i) Equity price risk

The Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investments in securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Group's Board of Directors review and approve, all investments in the equity investments.

As at March 31, 2020, the group had exposure to equity securities measured at fair value. The changes in fair values of the equity investments were strongly positively co-related with changes in market index. As at March 31, 2020 and March 31, 2019, the Group did not have material investments in / exposure to quoted or unquoted securities.

Notes to the Consolidated financial statements for the year ended March 31, 2020

56 Financial risk management objectives and policies (contd.)

ii) 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 rate. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short term borrowings obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate long term and short term borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the borrowings. With all other variables held constant, the Group's profit before tax will be affected as below due to change in interest rate:

Year ended	(+)Increase/(-) decrease in basis points	Effect on profit (decrease) / increase #
March 31, 2020	+0.50	(110.09)
	-0.50	110.09
March 31, 2019	+0.50	(104.35)
	-0.50	104.35

Loss before tax will have an equal but opposite impact.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the observable market environment as at the respective year end.

iii) Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. The prices of the Group's raw materials generally are stable. Cost of raw materials forms the largest portion of the Group's cost of revenues. A large portion of the Group's sales are subject to commodity rate risk having a volatile pricing. The group monitors overall demand supply position and pricing movement to decide marketing strategies to overcome risk of changing prices of the products.

iv) Foreign currency risk

The Group's foreign exchange risk arises from its foreign currency revenues and expenses and foreign currency borrowings. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Group'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 Group largely uses the natural hedge to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

The Group did not enter into any derivative instruments for hedge or speculation. The year end foreign currency exposures that have not been hedged (before giving effects of natural hedge) by derivative instrument or otherwise are given below:

A) Significant foreign currency risk exposure relating to trade receivables, other financial assets and cash and cash equivalents:

Particulars	Currency	March 31, 2020		March 31, 2019	
		Amount in foreign currency (in Lakhs)	₹ in Lakhs	Amount in foreign currency (in Lakhs)	₹ in Lakhs
Financial assets					
Cash and cash equivalents (including EEFC)	EURO	5.60	465.11	0.30	23.66
	USD	1.31	98.13	0.72	49.99
	SGD	0.02	0.87	-	-
Trade receivables and other financial assets	USD	46.68	3,506.00	46.38	3,215.33
	EURO	32.66	2,786.40	35.45	2,756.26

Notes to the Consolidated financial statements for the year ended March 31, 2020

56 Financial risk management objectives and policies (contd.)

B) Significant foreign currency risk exposure relating to borrowings and trade payables :

Particulars	Currency	March 31, 2020		March 31, 2019	
		Amount in foreign currency (in Lakhs)	₹ in Lakhs	Amount in foreign currency (in Lakhs)	₹ in Lakhs
Financial liabilities					
Trade payable	EURO	11.30	940.42	8.41	656.81
	USD	5.39	405.29	1.82	126.33
	CZK	0.01	0.03	-	-
	GBP	0.01	0.60	-	-
Borrowings (PCFC)	EURO	62.33	5,185.86	60.24	4,701.99
	USD	16.40	1,233.97	6.18	430.09
External Commercial borrowing (ECB)	EURO	22.52	1,873.85	10.40	811.75
Foreign Currency Term Loan (FCTL)	EURO	22.52	1,873.40	-	-

C) Foreign currency sensitivity

For the years ended March 31, 2020 and March 31, 2019, every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets / liabilities would increase the Group's profit and increase the Group's equity by approximately ₹232.62 Lakhs and ₹4.80 Lakhs, respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect. In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

b) Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers, loans and other financial assets. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counter party to which the Group grants credit terms in the normal course of business.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

i) Trade receivables

The Group has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Group uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers. The Group evaluates the concentration of risk with respect to trade receivables which is low, as its customers are widely spread with small outstanding amounts (For detailed movement in provision for trade receivables - Refer note 16)

Trade receivables	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Not due	2,750.41	4,407.05
1 - 90 days	2,702.74	2,029.47
91 -180 days	1,471.44	104.95
Beyond 180 days	419.44	321.66
	7,344.03	6,863.13

ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. Credit risk in case of Intercorporate deposit given is managed by the Group's in accordance with the Group's policy. ICD only be given out of surplus funds, are made only with the approval of the Group's Board of Directors and are reviewed by the Group's Board on an annual basis.

Notes to the Consolidated financial statements for the year ended March 31, 2020

56 Financial risk management objectives and policies (contd.)

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations as they fall due. The Group's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and investment in liquid mutual funds to meet the Group's operating requirements with an appropriate level of headroom. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

(₹ in Lakhs)				
March 31, 2020	Amount	Less than 1 year	1 to 5 years	More than 5 years
Borrowings	22,029.02	11,850.35	5,207.06	4,971.61
Other financial liabilities	1,616.15	1,556.71	59.44	-
Lease liabilities	368.91	104.85	264.07	-
Trade payables	5,633.47	5,633.47	-	-
Total	29,647.55	19,145.38	5,530.57	4,971.61

(₹ in Lakhs)				
March 31, 2019	Amount	Less than 1 year	1 to 5 years	More than 5 years
Borrowings	20,869.51	7,348.58	6,290.23	7,230.70
Other financial liabilities	3,109.75	2,924.57	185.18	-
Trade payables	4,271.97	4,271.97	-	-
Total	28,251.23	14,545.12	6,475.41	7,230.70

The Group had unutilised credit limit of borrowing facilities as at March 31, 2020: ₹3,400.00 lakhs and as at March 31, 2019 ₹5,587.82 lakhs from banks.

57 Capital management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Group monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the Consolidated financial statements. The Group's objective for capital management is to maintain an optimum overall financial structure.

(i) The gearing ratio at the end of the year was as follows:

(₹ in Lakhs)		
	March 31, 2020	March 31, 2019
Debts (Term loans and loans repayable on demand including current maturities of long term borrowings)	22,029.02	20,869.51
Less: Cash and cash equivalents (Refer note 17)	751.45	4,076.50
Net debt	21,277.57	16,793.01
Total equity	30,943.54	25,054.78
Net debt to equity ratio	69%	67%

(ii) Dividend on equity shares paid during the year

(₹ in Lakhs)		
Particulars	March 31, 2020	March 31, 2019
Dividend on equity shares		
Dividend for the year ended March 31, 2019 of ₹1.25 per share on 91,72,792 equity shares of ₹5.00/- each, fully paid up (March 31, 2018: ₹1.25 per share on 91,72,792 equity shares of ₹5.00/- each, fully paid up) [Refer note 22(c)]	114.68	114.68
Dividend distribution tax on above	23.57	23.57
Interim dividend paid during the year ended March 31, 2020 of ₹5.00/- per share on 96,15,774 equity shares (net of 1,94,555 equity shares of ₹5.00/- each which were held by ESOP Trust) [Refer note 22(c)]	480.78	-
Dividend distribution tax on above	100.83	-

Notes to the Consolidated financial statements for the year ended March 31, 2020

58 Investment properties

The Group's investment properties consist of Thane One Building and freehold land located at Majiwade Thane. Out of the 16 floors, ground to 13 floors have been considered as Investment property by the Management. In addition to Thane One building and freehold land at thane, the Group has freehold land at Takawe and also premises at Ceejay House, Worli, Mumbai.

Criteria used for classification of property as investment property

The Group has considered the following for classification of property as investment property:

- (i) Investment property comprises building and other assets required to provide ancillary services to the occupants of the investment property.
- (ii) The properties that are not occupied by the Group for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment property.

The Group has a building which is primarily meant for renting, is classified as an investment property, except for the part of that building which is used for administrative purposes, and hence classified as owner-occupied property. The Group has apportioned the cost of the property between investment property and owner-occupied property in the ratio of area used, respectively, as a percentage of total area.

Estimation of fair value

The fair value of the Investment Property has been determined as ₹44,688.19 Lakhs. (March 31, 2019 ₹44,688.19 Lakhs) The Group had carried out the fair valuation of the investment property during the year ended March 31, 2019 and according to the management there is no change in the fair value for the year ended March 31, 2020. The fair value has been determined by an external, independent property valuer, having appropriate professional qualification and recent experience in the location and category of the property being valued. The Company obtains independent valuation for its investment property and fair value measurement has been categorised as Level 3. The fair value has been arrived at by using comparable market rate approach. The main inputs used are quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent in village Majiwada area, Takawe area and Worli area.

Amount recognised in Consolidated statement of profit and loss

Particulars	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Income from investment properties	1,732.72	1,541.52
Less: Direct operating expenses (including repairs and maintenance) generating income from investment properties	1,169.62	750.82
Income arising from investment properties	563.10	790.70
Less: Depreciation	(256.64)	(260.18)
Income/(loss) arising from investment properties after depreciation	306.46	530.52

Refer note 43B for operating lease arrangements and total future minimum lease rentals receivable.

Refer note 24 for the existence of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

59 Income tax

A Tax expense recognised in the Consolidated statement of profit and loss and other comprehensive income consists of:

Particulars	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Tax expenses:		
Current tax	338.88	3,195.65
Deferred tax credit	(1,948.89)	(2,115.30)
Income tax expense recognised in the Consolidated statement of profit and loss	(1,610.01)	1,080.35
Tax expense recognised in other comprehensive income	70.07	(35.33)
Total tax expense	(1,539.94)	1,045.02

Notes to the Consolidated financial statements for the year ended March 31, 2020

58 Investment properties (contd.)

B A reconciliation of income tax expense to the amount computed by applying the statutory income tax rate to the profit before income tax is summarised below:

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Profit before tax	4,342.01	12,870.61
Enacted income tax rate in India (%) #	29.120%	34.944%
Income tax expense calculated at enacted income tax rate	1,264.39	4,497.50
Effect of tax on:		
Brought forward tax loss of the past year for which DTA is created	-	(1,732.05)
Impact of change in tax rates on Deferred tax assets	84.89	-
MAT Credit entitlement recognised	(5,072.14)	-
Utilisation of Deferred tax asset recognised on unabsorbed depreciation/ carried forward losses pursuant to scheme of amalgamation (refer note 64)	2,946.52	-
Expenses disallowed under Income Tax Act	64.85	146.62
Carried forward tax loss / unabsorbed tax depreciation of subsidiary for the current year for which DTA is not created	65.18	-
Income exempted from tax	(1,198.96)	(2,628.46)
Incremental deduction on account of research and development costs	(167.54)	(213.60)
Reversal of income tax expense of financial year 2018-19 pursuant to scheme of amalgamation (Refer note 64)	(510.03)	-
Differential tax effect due to effective tax rate difference	853.92	1,003.66
Others	58.91	6.68
Total income tax expense	(1,610.01)	1,080.35
Tax expense recognised in profit or loss	(1,610.01)	1,080.35
Tax expense recognised in other comprehensive income	70.07	(35.33)
Total tax expense	(1,539.94)	1,045.02

The tax rate used for reconciliation above is the corporate tax rate of 29.12% (March 31, 2019: 34.944%) at which the Parent Company is liable to pay tax on taxable income under the Indian tax Law.

C The major components of deferred tax (liabilities)/assets arising on account of temporary differences are as follows:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020			
	As at April 01, 2019	Statement of profit and loss	Other comprehensive income	As at March 31, 2020
(I) Components of deferred tax assets (Net)				
Deferred tax liabilities				
Property, Plant and Equipment, investment property and intangible assets: Impact of difference between written down value as per books of account and income tax	(1,457.07)	(76.16)	-	(1,533.23)
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	218.53	(26.47)	(70.07)	121.99
Allowance for doubtful debts and advances	223.72	(81.55)	-	142.17
Unabsorbed depreciation/carried forward losses	2,946.51	(2,946.51)	-	-
MAT Credit entitlement	-	5,072.14	-	5,072.14
Others	-	7.44	-	7.44
Deferred tax charge		1,948.89	(70.07)	5,343.74
Net deferred tax assets	1,931.70			3,810.51

Notes to the Consolidated financial statements for the year ended March 31, 2020

58 Investment properties (contd.)

(₹ in Lakhs)

Particulars	For the year ended March 31, 2019			As at March 31, 2019
	As at April 01, 2018	Statement of profit and loss	Other comprehensive income	
(I) Components of deferred tax assets (Net)				
Deferred tax liabilities				
Property, Plant and Equipment, investment property and intangible assets: Impact of difference between written down value as per books of account and income tax	(1,265.93)	(191.14)	-	(1,457.07)
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	92.59	90.61	35.33	218.53
Allowance for doubtful debts and advances	467.88	(244.16)	-	223.72
Unabsorbed depreciation/carried forward losses*	492.49	2,454.02	-	2,946.51
Others	(5.96)	5.96	-	-
Deferred tax charge		2,115.30	35.33	
Net deferred tax assets	(218.93)			1,931.70

D Details of unused tax losses and unabsorbed tax depreciation for which deferred tax assets have not been recognised:

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Unused tax losses (capital in nature)	225.42	225.42
Unused tax losses of subsidiary	223.85	-
Unused MAT Credit	-	4,242.14

The unused tax losses (capital in nature) will expire from financial year 2020-21 to financial year 2027-28 and unused tax credits were expiring from financial year 2021-22 to financial year

Pursuant to scheme of amalgamation as mentioned in note 1.2, the Parent Company has, recognised an intangible asset of ₹60,390.05 Lakhs in the form of Goodwill, in its income tax block of assets and has claimed the corresponding depreciation of ₹15,097.51 Lakhs under Section 32(1) of the Income Tax Act, 1961 ('the Act') in the revised income tax return filed on July 26, 2020 for the assessment year 2019-2020. Pending the outcome of the assessment by the income tax authorities, the aforesaid amount of depreciation has not been considered as a deduction for arriving at the provision for taxation and also deferred tax asset has not been created on the amount recognised as goodwill for the purposes of the Act

60 Share-based payments

Employee share option plan of the Parent Company

1.1 Details of the employee share option plan of the Parent Company

This ESOP 2019 scheme has been framed pursuant to the Scheme of Amalgamation between the erstwhile Fermenta Biotech Limited (Transferor Company) with DIL Limited (Transferee Company) and their respective shareholders. The Transferor Company prior to the Scheme of Amalgamation had implemented the 'Fermenta Biotech Limited - Employee Stock Option Plan 2019' and were granted employee stock options to its eligible employees. Further, the number of transferee options issued shall equal to the product of number of transferor options outstanding on effectiveness of Scheme multiplied by the Share exchange ratio (0.398) and each transferee option shall have an exercise price per equity share equal to transferor option exercise price per equity shares divided by the share exchange ratio (0.398) and fractions rounded off to the next higher whole number. The terms and conditions of ESOP 2019 Scheme of DIL Limited are not less favourable than those of ESOP Scheme of erstwhile Fermenta Biotech Limited. Under the ESOP 2019 Scheme, stock options have been issued to the eligible employees of erstwhile Fermenta Biotech Limited (Refer note 1.2).

In accordance with the terms of the plan, as approved by the erstwhile shareholders of Fermenta Biotech Limited at an extra ordinary general meeting, executives and senior employees with the Company were granted options to purchase equity shares.

Notes to the Consolidated financial statements for the year ended March 31, 2020

60 Share-based payments (contd.)

Each employee share option converts into one equity share of the Parent Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is calculated in accordance with the performance-based formula and is subject to approval by the remuneration committee. The formula rewards executives and senior employees to the extent of the Parent Company and the individual's achievement judged against both qualitative and quantitative criteria.

The following share-based payment arrangements were in existence during the current year:

Options series	Number**	Grant date	Expiry date	Exercise price	(₹ in Lakhs)
					Fair value at grant date
Plan 1 (60% of options granted under ESOP 2019)	1,26,143	25.02.2019 and 12.08.2019	25.02.2025 and 12.08.2025	83.67	421.71
Plan 1 (20% of options granted under ESOP 2019)	42,047	25.02.2019 and 12.08.2019	25.02.2026 and 12.08.2026	83.67	421.71
Plan 1 (20% of options granted under ESOP 2019)	42,047	25.02.2019 and 12.08.2019	25.02.2027 and 12.08.2027	83.67	421.71
Plan 2 (100% of options granted under ESOP 2019)	2,17,410	25.02.2019	25.02.2025	83.67	418.22

Options granted under ESOP 2019 shall vest not before 1 (one) year and not later than maximum Vesting Period of 5 (five) years from the date of grant of such Options. Subject to the minimum vesting period of one year, the Nomination and Remuneration Committee of the Board at its discretion approve for acceleration of Vesting of any or all unvested Options of the Option Grantee.

The above number of options, fair value at grant dates and exercise price are adjusted in accordance with the Share exchange ratio (0.398:1) as per the scheme of amalgamation.

**The number of options are after giving effect of the scheme of amalgamation and bonus shares issued during the year.

1.2 Fair value of share options granted

The weighted average fair value of the share options granted during the financial year is ₹421.71 (Previous year ₹419.86). Options were priced using Black-Scholes option pricing model. Where relevant, the expected life used in the model has been calculated based on a weighted average of vests. Expected volatility is based on the historical share price information of similar listed entities.

Inputs into the model	Option series - Year -2020**			
	Plan 1 (60% of options granted under ESOP 2019)	Plan 1 (20% of options granted under ESOP 2019)	Plan 1 (20% of options granted under ESOP 2019)	Plan 2 (100% of options granted under ESOP 2019)
Grant date share price	421.71	421.71	421.71	418.22
Exercise price	83.67	83.67	83.67	83.67
Expected volatility	69.28%	68.83%	68.08%	69.28%
Option life	4.51 years	5.51 years	6.51 years	4.51 years
Dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	7.14%	7.25%	7.35%	7.14%

**The above fair value at grant dates and exercise price are adjusted in accordance with the Share exchange ratio (0.398:1) as per the scheme of amalgamation.

Notes to the Consolidated financial statements for the year ended March 31, 2020

60 Share-based payments (contd.)

1.3 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	March 31, 2020		March 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of year	1,40,199	83.67	-	-
Pursuant to scheme of amalgamation (Refer Note 1.2)	-	-	1,40,199	83.67
Granted during the year	5,219	83.67	-	-
Forfeited during the year	2,869	83.67	-	-
Bonus options issued during the year	2,85,098	83.67	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Balance at end of year	4,27,647	83.67	1,40,199	83.67

(₹ in Lakhs)

Number of shares and exercise price are adjusted in accordance with the Share exchange ratio (0.398:1) as per the scheme of amalgamation.

No share options were exercised during the year.

1.4 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price adjusted for post bonus, of ₹83.67 (as at March 31, 2019: ₹251, after adjusting bonus ₹83.67), and a weighted average remaining contractual life of 3.80 years.

61 Commitments:

Particulars	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	1,852.15	2,097.98
(b) Lease commitments	362.08	452.83
	2,214.23	2,550.81

62 Contingent liabilities:

Particulars	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Claims against the Group not acknowledged as debts;		
a) Tax matters		
Service tax department raised demand of ₹22.50 Lakhs consisting of Service Tax of ₹7.50 Lakhs and penalty of ₹15.00 Lakhs in connection with services rendered post demerger of the pharmaceutical division. Commissioner of Service Tax Mumbai and CESTAT has upheld the order of Joint Commissioner of Service Tax. The Company has preferred an appeal to Bombay High Court.	22.50	22.50
The Deputy Commissioner of sales tax has confirmed the order of the Assistant Commissioner of sales tax Vapi, Gujarat for year 1992-93 and 1993-94 for demand of interest and penalty due to shortfall in tax payment on account of computation of purchase tax setoff. Company has preferred an appeal to sales tax tribunal Ahmedabad, Gujarat and obtained stay against the order/demand of the Assistant Commissioner pending final disposal.	4.63	4.63
b) Other claims (legal claim not accepted by the Group)	-	25.00
	27.13	52.13

Note: Future cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various authorities/forums and/or final outcome of the matters.

Notes to the Consolidated financial statements for the year ended March 31, 2020

- 63** The Group has given share application money of ₹597.00 Lakhs to Noble Explochem Ltd, whose total equity as at March 31, 2019, as per the available latest audited financial statements for the year ended March 31, 2019, is negative, where the independent auditors of Noble had issued an adverse audit opinion on the aforesaid financial statements. Further, the operations of Noble were suspended since December 2006. Noble was under insolvency proceedings from May 14, 2018. The Group had been accepted as financial creditor by the NCLT. The NCLT has passed an Order approving the plan filed by one of the resolution applicants, pursuant to which an amount of ₹617.62 Lakhs (including interest) has been received during the year.
- 64** a) In view of the amalgamation referred to in note 1.2, the Parent Company had recognised a deferred tax asset on unutilised carried forward losses and depreciation in respect of DIL Limited as it is probable that future taxable profits will be available against which the unutilised carried forward losses can be utilised.
- b) During the year ended March 31, 2020, the management has assessed the recoverability of MAT credit entitlement and recognised MAT credit of ₹5,072.14 Lakhs (presented within deferred tax asset). Further, the effect of change in the Minimum alternative tax rate from 18% to 15% plus applicable surcharge and health and education cess thereon as enacted in the Taxation Law (Amendment) Ordinance, 2019 and also a change in the income tax rate from 30% to 25% plus applicable surcharge and health and education cess thereon as enacted in the Union Budget 2019 for companies which have turnover less than 400 crores for the financial year 2017-18. Accordingly, the Parent Company had measured the deferred taxes (other than MAT credit entitlement as referred above) as at March 31, 2020 at the eligible tax rate of 25% plus applicable surcharge and health and education cess thereon.
- c) The combined effects of the above [64(a) and 64(b)] have been included in the tax expense for the year ended 31st March, 2020. reversal of current tax by 510.03 Lakhs and net credit for deferred tax of 1,611.08 Lakhs.

65 Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprise Development Act, 2006

Particulars	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
(a) i) Principal amount remaining unpaid to any supplier at the end of the accounting year	98.01	97.89
ii) Interest due on above	-	-
The Total of (i) and (ii)	98.01	97.89
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) 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 the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group. This has been relied upon by the auditors.

66 Capitalisation of borrowing costs

During the year ended March 31, 2020, the Group capitalised the following borrowing costs attributable to qualifying assets to the cost of property, plant and equipment / capital work-in-progress (CWIP). Consequently, finance costs disclosed under note 39 are net of amounts capitalised by the Group Company.

Particulars	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Finance costs (Including forex revaluation)	234.29	4.84
Total	234.29	4.84

Notes to the Consolidated financial statements for the year ended March 31, 2020

67 The Group had given (unsecured) Inter-corporate deposits aggregating ₹2,130.00 Lakhs in various tranches to another entity over the last twenty months until the end of the reporting period for the development of the new product i.e. cholesterol from Fish Oil. During the year, the Group has also given trade advances of ₹102.00 Lakhs to the same entity. The amount outstanding as on March 31, 2020 is ₹2,430.88 Lakhs, including interest of ₹198.88 Lakhs. The Group has started the export sales of the new product and is confident that it shall be able to recover the trade advances and Inter corporate deposit amount along with interest in next 12 months.

68 The World Health Organisation (WHO) declared Covid-19 to be a global pandemic in March 2020. The lockdown and restrictions imposed on various activities due to COVID-19 pandemic have posed challenges to the Group.

In Compliance with the directions issued by the Government of India, the Group had suspended operations at two of our manufacturing locations in Dahej, Gujarat and Kullu, Himachal Pradesh with effect from 25th March 2020 to ensure the safety of our employees and their families and to contain the spread of COVID-19.

The Group was granted permission by the District Magistrate, to partially run both of our plants, for manufacturing of Essential Commodities. In view of the same, the Group had resumed partial operations at Kullu plant from 3rd April 2020 and Dahej plant from 4th April 2020.

The Group has adopted work from home policy during the entire duration of lockdown in its corporate office and R&D centre at Thane since 16th March 2020

As per the current assessment of the situation based on the internal and external information available up to the date of approval of these consolidated financial statements by the Board of Directors, the Group believes that the Impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of property, plant and equipment, investment property, goodwill, other intangible assets, inventories, trade receivables, investments and other assets. The eventual outcome of the impact of the global health pandemic may be different from those-estimated as on the date of approval of these consolidated financial statements and the Group will closely monitor any material changes to the economic environment and their impact on its business in the time to come.

- 69** a) The Board of Directors at their meeting held on June 29, 2020 had approved the Consolidated financial results of the Company for the year ended March 31, 2020. Subsequent thereto there have been no events which require adjustment or disclosure in these Consolidated financial statements except for disclosure made in footnote to note 59D.
- b) The Consolidated financial statements are approved for issue by the Board of Directors of the Parent Company at its meeting held on August 28, 2020.

**For and on behalf of the Board of Directors of
Fermenta Biotech Limited (Formerly known as DIL Limited)**

Krishna Datla
Managing Director

Satish Varma
Executive Director

Prashant Nagre
Chief Executive Officer

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Thane, August 28, 2020



FERMENTA BIOTECH LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485

Registered Office: A-1501, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610, Maharashtra, India

Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899 • Email : info@fermentabiotech.com • Website : www.fermentabiotech.com

NOTICE

Notice is hereby given that the Sixty-Eighth Annual General Meeting (“AGM”) of the Members of Fermenta Biotech Limited (formerly known as DIL Limited) (“Company”) will be held on Saturday, October 17, 2020 at 2:00 p.m. (IST) through Video Conferencing/Other Audio Visual Means organized by the Company, to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt:
 - the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, Reports of the Board of Directors and the Auditors thereon; and
 - the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 along with the Report of the Auditors thereon.
- To confirm the payment of the interim equity dividend of Rs.5/- per equity share of Rs. 5 each for the financial year ended March 31, 2020; and
- To appoint a Director in place of Ms. Rajeshwari Datla (DIN – 00046864), who retires by rotation and, being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

- To consider, and if thought fit, pass with or without modification(s), the following resolution as a **Special** Resolution:

Appointment of Ms. Rajashri Ojha, as an Independent Director of the Company for a period of five years effective from April 1, 2020

“RESOLVED THAT, pursuant to the provisions of Section 149, 150 and 152 Companies Act, 2013 (‘Act’) read with Schedule IV and other applicable provisions of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 made thereunder (including any statutory modification(s) or re-enactment thereof from time to time), applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in accordance to the provisions of the Articles of Association of the Company, and the Nomination and Remuneration Policy of the Company, and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors respectively, Ms. Rajashri Ohja (DIN: 07058128) who holds

office as an Additional Director of the Company up to the date of this Annual General Meeting in terms of Section 161 of the Act, and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a first term of 5 (five) consecutive years with effect from April 01, 2020.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

- To consider, and if thought fit, pass with or without modification(s), the following resolution as a **Ordinary** Resolution:

Appointment of Ms. Anupama Datla Desai, as a Director of the Company

“RESOLVED THAT pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Anupama Datla Desai (DIN: 00217027), who has been appointed as an Additional Director of the Company by the Board of Directors with effect from September 27, 2019 in terms of Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and whose term of office expires at this Annual General Meeting, be and is hereby appointed as a Director and the period of her office shall be liable to determination by retirement of directors by rotation.”

- To consider, and if thought fit, pass with or without modification(s), the following resolution as a **Special** Resolution:

Appointment of Ms. Anupama Datla Desai, as an Executive Director of the Company for a period of three years effective from September 27, 2019

“RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof from time to time), and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in accordance to the provisions of the Articles of Association of the Company, the Nomination and Remuneration Policy of the Company, and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors respectively, the consent of the Company be and is hereby accorded to the appointment of Ms. Anupama Datla Desai (DIN: 00217027) as an Executive Director of the Company (‘Executive Director’) for a period of 3 (three) years commencing from September 27, 2019 to September 26, 2022 as per the salary, perquisites, terms and conditions as set out in the agreement dated September 27, 2019 entered into between the Company and the Executive Director (‘Agreement’), which inter alia, are set out in the Explanatory statement;

RESOLVED FURTHER THAT the total remuneration including perquisites payable to the Executive Director as per the Agreement shall be subject to the overall ceilings laid down in Section 197 read with Schedule V of the Companies Act, 2013;

RESOLVED FURTHER THAT notwithstanding anything contained hereinabove, where in any financial year during the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the remuneration of the Executive Director shall be decided as per the provisions of Schedule V to the Act including any amendment thereof .

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter or vary terms of remuneration of the Executive Director as it may deem fit from time to time within the remuneration limits stated in the Explanatory Statement and the Agreement;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

7. To consider, and if thought fit, pass with or without modification(s), the following resolution as a **Special** Resolution:

Appointment of Mr. Satish Varma, as an Executive Director of the Company for a period of three years effective from September 27, 2019

“RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof from time to time), and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in accordance to the provisions of the Articles of Association

of the Company, the Nomination and Remuneration Policy of the Company, and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors respectively, the consent of the Company be and is hereby accorded to the appointment of Mr. Satish Varma (DIN: 00003255) as an Executive Director of the Company (‘Executive Director’) for a period of 3 (three) years commencing from September 27, 2019 to September 26, 2022 as per the salary, perquisites, terms and conditions as set out in the agreement dated September 27, 2019 entered into between the Company and the Executive Director (‘Agreement’), which inter alia, are set out in the Explanatory statement;

RESOLVED FURTHER THAT the total remuneration including perquisites payable to the Executive Director as per the Agreement shall be subject to the overall ceilings laid down in Section 197 read with Schedule V of the Companies Act, 2013;

RESOLVED FURTHER THAT notwithstanding anything contained hereinabove, where in any financial year during the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the remuneration of the Executive Director shall be decided as per the provisions of Schedule V to the Act including any amendment thereof .

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter or vary terms of remuneration of the Executive Director as it may deem fit from time to time within the remuneration limits stated in the Explanatory Statement and the Agreement;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

8. To consider, and if thought fit, pass with or without modification, the following resolution as an **Ordinary** Resolution:

Remuneration of Cost Auditor of the Company

“RESOLVED THAT pursuant to provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force), the members of the Company hereby ratify the payment of remuneration of Rs. 2,75,000 (Rupees Two lakhs Seventy Five Thousand only) plus taxes as applicable and reimbursement of out of pocket expenses, if any, to M/s D. C. Dave & Co., Cost Accountants (Firm Registration Number – 000611) [‘Cost Auditor’] to conduct the cost audit in respect of applicable product(s) manufactured by the Company for the financial year ending on March 31, 2021”.

9. To Consider, and if thought fit, to pass with or without modification, the following as a **Special** Resolution:

Commission to Non-Executive Directors

“RESOLVED THAT subject to the provisions of Section 197, 198 including rules made thereunder and any other applicable

provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) [‘Act’] and Articles of Association of the Company, the consent of members be and is hereby accorded to pay and distribute among the Non-Executive Directors (including Independent Directors) of the Company (other than the Managing Director and/or Executive/ Whole Time Directors) profit related commission in such manner and proportion, for the financial year 2019-20, as may be decided by the Board of Directors (the ‘Board’ includes any committee thereof) within the overall maximum limit of 1% (one percent) of the net profits of the Company to be calculated in accordance with the provisions of Section 197 read with Section 198 of the Act for the said financial year.

RESOLVED FURTHER THAT the above commission shall be in addition to fees payable to the director(s) for attending the meetings of the Board or any Committee thereof as may be decided by the Board of Directors and reimbursement

of expenses for participation in such Board and Committee meetings.”

By Order of the Board of Directors of
Fermenta Biotech Limited (formerly known as DIL Limited)

SRIKANT N. SHARMA
Company Secretary & Vice President (Legal)
Membership No: FCS - 3617

August 28, 2020, Thane

Registered Office:
A-1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (W) – 400 610,
Maharashtra, India.

Notes:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has, vide its General Circular No. 20/2020 dated 5th May, 2020, read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 and other applicable circulars (“MCA Circulars”) and the Securities and Exchange Board of India (SEBI) vide its circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and other applicable circulars (“SEBI Circulars”), permitted the holding of the AGM through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without the physical presence of the members at a common venue during the calendar year 2020. Accordingly in compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), MCA Circulars and SEBI Circulars, the Company has decided to convene the AGM through VC / OAVM. The venue of the AGM shall be deemed to be A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) - 400 610, Maharashtra.
2. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Act read with MCA Circulars and any other applicable law.
3. The Board of Directors at its meeting held on August 28, 2020 have considered and decided to include the Special Business items in the AGM, as they are unavoidable in nature. The relevant Explanatory Statement pursuant to Section 102 of the Act with respect to the special business items set out in the Notice is annexed.
4. The profile of Directors recommended for re-appointment and appointment at the AGM under item no. 3, 4, 5, 6 and 7 of the Notice, as required by Listing Regulations and Secretarial Standard on General Meetings as specified by the Institute of Company Secretaries of India, is furnished in the Explanatory Statement to Notice. The necessary statutory consents and declarations have been received by the Company from the directors for their appointment and re-appointment.
5. Since this AGM is being held through VC / OAVM, whereby physical attendance of members has been dispensed with and in accordance with the MCA Circulars and SEBI Circulars, the facility to appoint a proxy to attend and/or cast vote for the member is not available for this AGM, the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
6. Pursuant to the provisions of section 112 and 113 of the Act read with the MCA Circulars, corporate/entity members are entitled to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting. Corporate/entity members are required to send a certified copy of its board resolution or governing body resolution or duly executed authority letter/ power of attorney in pdf or jpg format, authorizing its representative to attend the AGM through VC/ OAVM on its behalf and to vote through remote e-voting or e-voting. The said resolution shall be sent to the Scrutinizer appointed by the Board of Directors of the Company viz. Mr. V. N. Deodhar (Membership No. FCS 1880), Proprietor of V.N. Deodhar & Co., Practising Company Secretaries, by email through their registered email address to vndeodhar@gmail.com with copies marked to the Company at info@fermentabiotech.com.

Dividend related information:

7. Updation of members' details: The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Act requires the Company/ R&T Agents to record additional details of members, including their PAN details, email address, bank details for payment of dividend, etc. Members holding shares in physical form are requested to furnish the above details to the Company or its R&T Agent. Members holding shares in dematerialization mode are requested to furnish the above details to their respective Depository Participant(s) ("DP").
8. An interim dividend at the rate of Rs. 5 (five) per equity share of Rs. 5 each (100%) which was declared by the Board at its meeting held on November 13, 2019, has been paid to all the eligible members / beneficial owners whose names appeared in the Register of Members as on the Record Date for the said purpose i.e. Monday, November 25, 2019 as per the permitted modes prescribed by the Reserve Bank of India, the Act and SEBI Listing Regulations. The Board has considered the above-referred interim dividend as final dividend for the financial year ended March 31, 2020.
9. Unclaimed interim equity dividend for the financial year 2012-13 has already been transferred to Investor Education and Protection Fund (IEPF). Members are hereby informed that pursuant to Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, as may be amended from time to time (IEPF Rules), dividend which is remaining unpaid / unclaimed by shareholders for a period of seven consecutive years shall be transferred to IEPF. IEPF Rules mandate companies to transfer the shares of members whose dividends remain unpaid / unclaimed for a period of seven consecutive years to the dematerialization account of IEPF Authority. The details of unclaimed dividends and their due dates for transfer to IEPF are available on the website of the Company i.e. www.fermentabiotech.com/dividends-bonus-split-buyback.php Members who have not claimed their dividend(s) so far in respect of the unclaimed dividend(s) and which is due for transfer to IEPF are requested to write to the Company's R&T Agent, well in advance before the respective due dates. Members whose dividend(s) and/or shares have been transferred to IEPF Authority can now claim their dividend(s) and/or shares from the IEPF Authority by following the 'Procedure to claim Refund' as detailed on the website of IEPF Authority www.iepf.gov.in/IEPF/refund.html. Unclaimed final equity dividend for the financial year 2012-13 is due for transfer to IEPF by Monday, November 02, 2020. Members are requested to claim their unencashed final dividend for the financial year 2012-13 and dividends declared thereafter, if any, by writing a letter to the Company or R&T Agent on or before Tuesday, October 20, 2020.

10. Documents for inspection:

- (a) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM at <https://www.fermentabiotech.com/annual-report.php>.
 - (b) All documents referred to in the Notice and the statement pursuant to Section 102 of the Act shall also be available electronically for inspection without any fee by members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to info@fermentabiotech.com.
11. In order to improve ease, convenience and safety of transactions and in view of SEBI notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and Regulation 40 of Listing Regulations which mandate that request for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialized form, effective April 1, 2019. Members are, therefore, advised to dematerialize their equity shares currently held in physical form, by contacting their DP(s).
 12. Members holding shares in physical form can avail the nomination facility by filing Form SH-13 (in duplicate) prescribed under Section 72 of the Act and Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014 with the Company or with its R&T Agent. In case of shares held in dematerialized form, the nomination may be lodged with the member's Depository Participant. The above form is available at the R&T Agent's website or will be made available on request in writing to the R&T Agent or to the Company.
 13. In view of the continuing Covid-19 pandemic and the MCA Circulars, the 68th Annual Report of the Company along with the Notice of the AGM, Remote e-voting procedure is being sent only by e-mail, to all the Members whose e-mail addresses are registered with the Company / Depository Participant(s) / R&T Agent for communication purposes. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with the Company or with the R&T Agent at the earliest.
- 14. E-voting:**
- i. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder read with Regulation 44 of Listing Regulations, the Company is pleased to provide the facility of remote e-voting/ e-voting, through Link Intime India Private Limited ("LIPL") to exercise votes on the items of business given in this Notice, to members holding shares as on Saturday, October 10, 2020 (end of day), being

the cut-off date ("Cut-Off Date") fixed for determining the members who shall be eligible to attend the AGM and to ascertain voting rights of such members entitled to participate in the remote e-voting process or voting at the AGM electronically. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the Cut-Off Date. Any person who is not a member of the Company as on the Cut-Off Date should treat this Notice for information purposes only.

- ii. The remote e-voting period commences on Wednesday, October 14, 2020 (9.00 a.m. IST) and ends on Friday, October 16, 2020 (5.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on Cut-Off Date may cast their vote through remote e-voting facility. The facility for remote e-voting shall remain open for not less than three days and shall close at 5.00 p.m. on Friday, October 16, 2020. The remote e-voting module shall be disabled by LIPL for voting thereafter. Once the vote on a resolution is cast by the member, the same shall not be allowed to change subsequently. A member may participate in the AGM even after exercising his/her right to vote through remote e-voting, however, his/her voting at the AGM shall not be considered.
 - iii. In case the members have any queries or issues regarding e-voting, they may refer the Frequently Asked Questions ("FAQs") and InstaVote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.
 - iv. Mr. V. N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - v. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through remote e-voting and the e-voting on the date of the AGM, in the presence of at least two witnesses not in the employment of the Company and make, not later 48 (forty eight) hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
 - vi. The results declared along with the Scrutinizer's Report shall be placed on the Company's website at <https://fermentabiotech.com/stock-exchange-intimation.php> and on the website of LIPL at <https://instavote.linkintime.co.in/> within 48 (forty eight) hours of passing of resolutions at the 68th AGM of the Company and communicated to BSE Limited, where the shares of the Company are listed.
 - vii. Subject to receipt of requisite number of votes, the resolutions proposed in the Notice of AGM shall be deemed to be passed on the date of the AGM, i.e., Saturday, October 17, 2020.
 - viii. **Members are requested to follow the instructions given below as may be required i.e.:**
 - (a) 'Instructions for members for remote e-voting';
 - (b) Instructions for members attending the AGM through VC/OAVM;
 - (c) 'Instructions for members to register themselves to speak during the Annual General Meeting through InstaMeet'; and
 - (d) 'Instructions for members to vote during the AGM through InstaMeet'
15. **Instructions for members for remote e-voting:**
- (1) Members should login to remote e-voting website of Link Intime India Private Limited ("LIPL") by opening the internet browser and typing the URL <https://instavote.linkintime.co.in>
- Those members who are first time users of LIPL remote e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:**
- ▶ Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: -
 - A. **User ID:** Enter your User ID as per the following:
 - Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
 - Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
 - Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company
 - B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. Sequence number shall be sent by email to those members who have registered their email ids with LIPL. However, any member may obtain sequence number by sending an email to LIPL at rnt.helpdesk@linkintime.co.in or requesting to the Company at info@fermentabiotech.com, by mentioning his Folio No./DP ID and Client ID.)

C. **DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

D. **Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/ Company.

- Shareholders/ members holding shares in CDSL demat account shall provide either 'C' or 'D', above.
- Shareholders/ members holding shares in NSDL demat account shall provide 'D', above.
- Shareholders/ members holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above.

▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter).

▶ Mention in **"Confirm Password"** (Your password is now generated)

▶ Enter CAPTCHA and press **'Submit'** button.

NOTE: If Shareholders/ members are holding shares in demat form and have registered on to InstaVote e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier event of any company then they can use their existing password to login.

(2) Click on **"Login"** under **"Shareholders"** tab

(3) Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on **"Submit"**.

- Your **USER ID** details are as per instruction (1)A above under "Instructions for members for remote e-voting".
- **If shareholders/ members have forgotten their password**, please follow the below steps:

Click on **"Login"** under **"Shareholder"** section and further Click **"forgot password"**? Enter User ID, select Mode, Enter Image Verification (CAPTCHA) Code and Click on **"Submit"**.

In case shareholder/ member is having valid email address, Password will be sent to his / her registered e-mail address. Else, shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter). It is strongly

recommended not to share your password with any other person and take utmost care to keep your password confidential.

(4) After successful login, you will be able to see the notification for e-voting. Select **"View"** icon.

(5) E-voting page will appear.

(6) Refer the Resolution description and cast your vote by selecting your desired option **'Favour / Against'** (If you wish to view the entire Resolution details, click on the **'View Resolution'** file link).

(7) After selecting the desired option i.e. Favour / Against, click on **"Submit"**. A confirmation box will be displayed. If you wish to confirm your vote, click on **"Yes"**, else to change your vote, click on **"No"** and accordingly modify your vote.

(8) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as **'Custodian / Mutual Fund / Corporate Body'**. They are also required to upload a scanned certified true copy of the board resolution / authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **'Custodian / Mutual Fund / Corporate Body'** login for the Scrutinizer to verify the same.

Note:

- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".
- **Shareholders/ members holding multiple folios/ demat account shall choose the voting process separately for each of the folios/demat account.**
- In case shareholders/ members have any queries regarding e-voting, they may refer the Frequently Asked Questions ("FAQs") and InstaVote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 -4918 6000.

16. **Instructions for members attending the AGM through VC/OAVM:**

1. Members are being provided with a facility to attend the AGM through VC/OAVM through Link Intime India Private Limited ("LIPL") by following the below mentioned process. Members may access the same at <https://instameet.linkintime.co.in>

2. Facility for joining the AGM through VC/OAVM shall open 30 minutes before the time scheduled for the AGM and will be available to the members on first-come-first-served basis.
3. Participation to the members through VC/OAVM shall be made available to members on first-come-first-served basis in accordance with MCA Circulars, and it will be closed on expiry of 30 (Thirty) minutes from the scheduled time of the AGM. Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chairpersons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the AGM without restrictions of first-come-first-served basis.
4. Members will be provided with InstaMeet facility wherein members shall register their details and attend the AGM as under:
 - a. Open the internet browser and launch the URL for InstaMeet <<<https://instameet.linkintime.co.in>>>
 - b. Select the “Company” and ‘Event Date’ and register with your following details:
 - i. **Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No -
 - Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
 - Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
 - Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company
 - ii. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP) / Company shall use the sequence number provided to you, if applicable. Sequence number shall be sent by email to those members who have registered their email ids with LIPL. However, any member may obtain sequence number by sending an email to LIPL at helpdesk@linkintime.co.in or requesting to the Company at info@fermentabiotech.com, by mentioning his Folio No./DP ID and Client ID.)
 - iii. **Mobile No.:** Enter your mobile number.
 - iv. **Email ID:** Enter your email id, as recorded with your DP/Company.
 - c. Click “Go To Meeting”

Note:

- a) Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience. Members are required to use internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.
- b) Please note that members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- c) Guidelines for the registered speakers for speaking at the AGM through Link Intime India Private Limited's InstaMeet <<<https://instameet.linkintime.co.in>>>
 - i. For a smooth experience of viewing the AGM proceedings through Link Intime India Private Limited's InstaMEET, shareholders/ members **who are registered as speakers** (as per steps in note 17 below) for the event are requested to download and install the Webex Meetings application in advance. Please download and install the Webex Meetings application by clicking on the link <https://www.webex.com/downloads.html/>

OR

- ii. If you do not want to download and install the Webex application, you may join the meeting through InstaMEET and follow the process mentioned as under:

Step 1	Enter your First Name, Last Name and Email ID and click on Join Now
1(A)	If you have already installed the Webex Meetings application on your device, join the meeting by clicking on Join Now
1(B)	If Webex Meetings application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application. Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now by filling your first name, last name and email address.

In case members have any queries regarding login/ remote e-voting/e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175 InstaMeet Support Desk, Link Intime India Private Limited.

17. Instructions for members to register themselves to speak during the Annual General Meeting through InstaMeet:

1. Members who would like to express their views / ask

questions during the AGM may register themselves at least three (3) days prior to the date of the AGM i.e. before Tuesday, October 13, 2020 (5.00 p.m. IST), by sending their request mentioning their name, DP ID/folio number, email address, mobile number at info@fermentabiotech.com. Please note that questions of only those members holding shares as on Cut-Off Date will be considered.

2. Members who register themselves as above will get confirmation on first-come-first-served basis.
3. Such members will receive “speaking serial number” once they mark attendance for the AGM. Once allowed to express their views/ ask questions, members shall start the conversation with panelists by switching on video mode and audio of their devices. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
4. Members may ask questions to the panelist, via active chat-board during the AGM which may be entertained subject to the time availability.

Note: Members are requested to speak only when moderator of the meeting/ management will announce the name and speaking serial number.

18. Instructions for members to vote during the AGM through InstaMeet:

Once the electronic voting is activated by the Scrutinizer / moderator during the meeting, the members who have not exercised their vote through the remote e-voting can cast the vote as under:

- i. On the Members VC page, click on the link for e-Voting “**Cast your vote**”.
- ii. Enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/registered email id) received during registration for InstaMeet and click on ‘**Submit**’.
- iii. After successful login, you will see “**Resolution Description**” and against the same the option “**Favour/Against**” for voting.
- iv. Cast your vote by selecting appropriate option i.e. “**Favour/Against**” as desired. Enter the number of shares (which represents no. of votes) as on Cut-Off Date under “**Favour/Against**”.
- v. After selecting the appropriate option i.e. ‘**Favour/Against**’ as desired and you have decided to vote, click on “**Save**”. A confirmation box will be displayed. If you wish to confirm your vote, click on “**Confirm**”, else to change your vote, click on “**Back**” and accordingly modify your vote.

- vi. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: *Members, who will be present in the AGM through InstaMeet facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the AGM.*

Members who have voted through Remote e-Voting prior to the AGM will be eligible to attend/ participate in the AGM through InstaMeet. However, they will not be eligible to vote again during the AGM.

19. The Annual Report 2019-20 including the Notice calling this AGM has been uploaded on the following websites: (i) <https://fermentabiotech.com/annual-report.php> (ii) www.bseindia.com and (iii) <https://instavote.linkintime.co.in/>
20. The Annual Report 2019-20 including the Notice calling this AGM shall be sent to those members who will be holding shares as on Friday, September 18, 2020 as per the Register of Members and Register of Beneficial Owners of the Company.
21. In case a person becomes a member of the Company after Friday, September 18, 2020, and is a member as on the Cut-Off Date, such person may download the above from <https://fermentabiotech.com/annual-report.php> or request the Company at info@fermentabiotech.com. For remote e-voting or attending the AGM through InstaMeet, such a member may obtain sequence number by sending an email to LIPL at rnt.helpdesk@linkintime.co.in or requesting to the Company at info@fermentabiotech.com, by mentioning his Folio No./DP ID and Client ID.
22. Members seeking any information or clarification on the Annual Report are requested to send written queries to the Company Secretary at the Registered Office of the Company at least one week before the date of the 68th AGM, in order to make the information available at the AGM.

By Order of the Board of Directors of
Fermenta Biotech Limited (formerly known as DIL Limited)

SRIKANT N. SHARMA
Company Secretary & Vice President (Legal)
Membership No: FCS - 3617

August 28, 2020, Thane

Registered Office:
A-1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (W) – 400 610,
Maharashtra, India.

Annexure to Notice

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('Act').

Item no. 4:

The members are hereby informed that the Board of Directors approved the appointment of Ms. Rajashri Ojha as an Additional (Independent) Director with effect from April 1, 2020 in terms of Section 161 of the Companies Act, 2013 ('Act') and her appointment as an Independent Director is subject to approval by the members at a general meeting.

Ms. Ojha has been associated with pharmaceutical industry for more than two decades and has expertise in various areas including global drug regulatory affairs, QC-QA-QM, regulatory compliance, registration & marketing approvals across the globe, and in abovementioned areas, she would play an important role in overall strategic decisions making process of the Company.

As required under Listing Regulations and Secretarial Standards on General Meetings as specified by the Institute of Company Secretaries of India, a brief profile of Ms. Ojha is annexed to this notice. The Company has received notice under Section 160 of the Act from a member proposing her candidature for the office of Director on the Board of Directors of the Company.

On recommendation of the Nomination and Remuneration Committee of the Company and in the opinion of the Board, Ms. Ojha fulfils conditions specified in the Act and the rules made thereunder and that she is independent of the management.

Considering the above and in compliance with the provisions of Section 149, 150 and 152 read with Schedule IV and Companies (Appointment and Qualification of Directors) Rules, 2014 of the Act and applicable provisions of Listing Regulations including Regulation 17, it is proposed to appoint Ms. Ojha as an Independent Director on the Board of Directors of the Company, not liable to retire by rotation, for a term of 5 (Five) consecutive years, effective from April 1, 2020.

Therefore, the Board of Directors recommends this resolution for approval of the members of the Company, as Special Resolution.

A copy of the draft Letter of Appointment for Ms. Rajashri Ojha, setting out the terms and conditions, shall be made available for inspection by the members as set out under 'Documents for inspection' in the Notes to the Notice.

Ms. Ojha does not hold any share in the Company as on the date of this notice.

Except Ms. Ojha, none of the directors, key managerial personnel or their relatives is interested in the resolution.

Item No. 5 and 6

The members are hereby informed that:

(a) During the financial year 2019-20, Company's subsidiary, viz. erstwhile Fermenta Biotech Limited ('Transferor Company' / 'Old FBL') merged with the Company ('Transferee Company')

as per the scheme of amalgamation approved by the National Company Law Tribunal ('NCLT') vide its order dated September 19, 2019 ("Scheme");

- (b) Clause 8 of the Scheme, inter alia, provided that all the permanent employees of the Transferor Company who were in employment as on September 26, 2019 (the "Effective Date") shall become the permanent employees of the Transferee Company with effect from the Effective Date without any break or interruption in service and on terms and conditions as to employment and remuneration not less favourable than those on which they were engaged or employed by the Transferor Company.
- (c) Ms. Anupama Datla Desai was an Executive Director of Old FBL until its Board was dissolved on the Effective Date of the Scheme;
- (d) Accordingly, with effect from September 27, 2019, the Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, approved the appointment of Ms. Anupama Datla Desai as an (i) Additional Director in terms of Section 161 of the Companies Act, 2013 including rules made thereunder ('Act'), and (ii) Executive Director in terms of Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Act for a period of 3 years i.e. from September 27, 2019 till September 26, 2022, subject to approval by the members at a general meeting.
- (e) Ms. Anupama Datla Desai shall act as a Key Managerial Personnel (KMP) of the Company pursuant to the provisions of Section 203 read with Section 2(51) of the Companies Act, 2013.

The material terms of the agreement entered into between the Company and Ms. Anupama Datla Desai on September 26, 2019 ('Agreement') are as under:

- I. Basic Salary: Rs. 5,50,000 per month, in the scale of Rs.5,50,000 - Rs.7,15,000 and eligible for revision as and when deemed fit by the Nomination and Remuneration Committee /Board of Directors.
- II. In addition to the aforesaid Basic Salary, Ms. Anupama Datla Desai shall also be entitled to the following perquisites:
 - a. Supplementary Allowance: Rs. 10,000 per month;
 - b. House Rent Allowance: Rs. 50,000 per month;
 - c. Leave Travel Concession: Return passage for self and family subject to a maximum of one month's basic salary;
 - d. Medical Reimbursement: Expenses incurred for self and family as per rules of the Company subject to a maximum of one month's basic salary;

- e. Club fees: Fees of clubs, subject to a maximum of two clubs;
 - f. Such other payment in the nature of bonus, perquisites and allowances as may be decided by the Board of Directors.
 - g. The Company shall provide a car with driver and telephone at residence. Provision of car and telephone at residence for use on Company's business will not be considered as perquisites.
 - h. Reimbursement of Electricity/ Gas/ Water Expenses for Residence
 - i. Children Education Allowance as per rules of the Company
 - j. Personal Accident Insurance Premium as per rules of the Company;
 - k. Reimbursement of entertainment and all other expenses actually incurred in the course of legitimate business of the Company
 - l. Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors and the Executive Director.
- III. **Commission:**
Subject to the provisions of Sections 197 and other applicable provisions, if any of the Act, the Executive Director shall be paid commission at such percentage of the net profits of the Company or such quantum as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors, from time to time.
- IV. **Loss of Office:**
Subject to the provisions of Section 202 and other applicable provisions, if any, of the Act, the Executive Director shall be paid compensation for loss of office. However, such payment shall not exceed the remuneration which she would have earned if she had been in office for her remaining term or three years whichever is shorter, based on the remuneration as mentioned under this Agreement
- V. Executive Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration under Schedule V to the Act:
- a. Contribution to Provident Fund to the extent not taxable under the Income tax Act, 1961.
 - b. Gratuity payable at a rate not exceeding half month's salary for each completed year of service in accordance with the terms of Payment of Gratuity Act, 1972.
 - c. Encashment of leave at the end of the tenure as per rules of the Company.
- VI. The total remuneration including perquisites payable to the Executive Director as per this Agreement between the Executive Director and the Company shall be subject to the

overall ceilings laid down in Section 197 read with Schedule V of the Companies Act, 2013 (as amended from time to time).

- VII. Notwithstanding anything contained hereinabove, during any financial year, if the Company has no profits or its profits are inadequate, the Board of Directors is authorized to decide the payment of remuneration of the Executive Director by way of salary, perquisites and other allowances as set out above subject to the applicable provisions as laid down in Section II of Part II of Schedule V to the Act including any amendment thereof.

A brief profile of Ms. Anupama Datla Desai as required under the Listing Regulations and Secretarial Standards on General Meetings as specified by the Institute of Company Secretaries of India is provided as an Annexure to this notice along with the information required to be provided under Part II, Section II (iv) of Schedule V of the Companies Act, 2013. The Company has received notice under Section 160 of the Act from a member proposing her candidature for the office of Director on the Board of Directors of the Company. Ms. Anupama Datla Desai shall be liable for retirement by rotation in terms of section 152 of the Act.

The Board of Directors recommends resolution no. 5 for approval of the members of the Company as an Ordinary Resolution and resolution no. 6 for approval of the members of the Company as a special resolution.

The agreement dated September 26, 2019 executed between the Company and Ms. Anupama Datla Desai for the said appointment referred to in the proposed resolution shall be made available for inspection of the members as set out under 'Documents for inspection' in the Notes to the Notice.

Except the following, none of the Directors and the Key Managerial Personnel of the Company including their relatives is concerned or interested in the above appointment:

Interested Director	Nature of Interest/ concern	Shareholding in Company
Ms. Anupama Datla Desai	Appointee	1.38%
Mr. Krishna Datla	Brother of Ms. Anupama Datla Desai	8.22%
Ms. Rajeshwari Datla	Mother of Ms. Anupama Datla Desai	1.73%

Item No. 7

The members are hereby informed that:

- (a) During the financial year 2019-20, Company's subsidiary, viz. erstwhile Fermenta Biotech Limited ('Transferor Company' / 'Old FBL') merged with the Company ('Transferee Company') as per the scheme of amalgamation approved by the National Company Law Tribunal ('NCLT') vide its order dated September 19, 2019 ("Scheme");

- (b) Clause 8 of the Scheme, inter alia, provided that all the permanent employees of the Transferor Company who were in employment as on September 26, 2019 (the "Effective Date") shall become the permanent employees of the Transferee Company with effect from the Effective Date without any break or interruption in service and on terms and conditions as to employment and remuneration not less favourable than those on which they were engaged or employed by the Transferor Company.
- (c) Mr. Satish Varma was a Managing Director of Old FBL until its Board was dissolved on the Effective Date of the Scheme;
- (d) Mr. Satish Varma has been a Board member as a non-executive director of the Company since July 1, 2003. Pursuant to Clause 8 of the Scheme, with effect from September 27, 2019, the Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, approved the appointment of Mr. Satish Varma as an Executive Director in terms of Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Act for a period of 3 years i.e. from September 27, 2019 till September 26, 2022, subject to approval by the members at the AGM.
- (e) Mr. Varma shall act as a Key Managerial Personnel (KMP) of the Company pursuant to the provisions of Section 203 read with Section 2(51) of the Companies Act, 2013.

The material terms of the agreement entered into between the Company and Mr. Satish Varma on September 26, 2019 ('Agreement') are as under:

- I. Basic Salary: Rs. 7,50,000 per month, in the scale of Rs. 7,50,000 - Rs. 9,15,000 and eligible for revision as and when deemed fit by the Nomination and Remuneration Committee /Board of Directors of the Company;
- II. In addition to the aforesaid Salary, Mr. Varma shall also be entitled to the following perquisites:
 - a) Furnished accommodation or house rent @ Rs.125,000 per month
 - b) Reimbursement of gas, electricity and water for residence.
 - c) Medical Reimbursement: Expenses incurred for self and family as per rules of the Company subject to ceiling of one month's basic salary;
 - d) Leave travel concession for self and his family subject to ceiling of one month's basic salary.
 - e) Club fees: Fees of clubs, subject to a maximum of two clubs;
 - f) Personal Accident Insurance Premium as per rules of the Company;
 - g) The Company shall provide two cars with drivers and telephone at residence. Provisions of car(s) and telephone(s) at residence for use on Company's business will not be considered as perquisites;
 - h) Reimbursement of Entertainment and all other expenses actually incurred in the course of legitimate business of the Company;
 - i) Children Education Allowance as per rules of the Company
 - j) Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors and the Executive Director.
- III. **Commission:**
Subject to the provisions of Sections 197 and other applicable provisions, if any of the Act, the Executive Director shall be paid commission at such percentage of the net profits of the Company or such quantum as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors, from time to time, subject to minimum of 3% of the net profit of the Company.
- IV. **Loss of Office:**
Subject to the provisions of Section 202 and other applicable provisions, if any, of the Act, the Executive Director shall be paid compensation for loss of office. However, such payment shall not exceed the remuneration which he would have earned if he had been in office for his remaining term, based on the remuneration as mentioned under this Agreement and calculated on the basis as provided in the Act.
- V. Executive Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration under Schedule V to the Act:
 - a) Contribution to Provident Fund to the extent not taxable under the Income tax Act, 1961.
 - b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service in accordance with the terms of Payment of Gratuity Act, 1972.
 - c) Encashment of leave at the end of the tenure as per rules of the Company.
- VI. The total remuneration including perquisites payable to the Executive Director as per this Agreement between the Executive Director and the Company shall be subject to the provisions laid down in Section 197 read with Schedule V of the Companies Act, 2013 (as amended from time to time).
- VII. Notwithstanding anything contained hereinabove, during any financial year, if the Company has no profits or its profits are inadequate, the Board of Directors is authorized to decide the payment of remuneration of the Executive Director by way of salary, perquisites and other allowances as set out above subject to the applicable provisions as laid down in Section II of Part II of Schedule V to the Act including any amendment thereof.

A brief profile of Mr. Satish Varma as required under the Listing Regulations and Secretarial Standards on General Meetings as specified by the Institute of Company Secretaries of India is provided as an Annexure to this notice along with the information required to be provided under Part II, Section II (iv) of Schedule V of the Companies Act, 2013. The Company has received notice under Section 160 of the Act from a member proposing his candidature for the office of Director on the Board of Directors of the Company. Mr. Satish Varma shall be liable for retirement by rotation in terms of section 152 of the Act.

The Board of Directors recommends the relevant resolution for approval of the members as Special Resolution.

The agreement dated September 26, 2019 executed between the Company and Mr. Satish Varma for the said appointment referred to in the proposed resolution shall be made available for inspection of the members as set out under 'Documents for inspection' in the Notes to the Notice.

Except Mr. Satish Varma, none of the Directors and the Key Managerial Personnel of the Company including their relatives is concerned or interested in the above appointment.

Item No. 8

Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (as amended from time to time) provides that the remuneration of the Cost Auditor as recommended by the Audit Committee shall be considered and approved by the Board of Directors of the Company and thereafter ratified by the members of the Company.

Based on the recommendation of the Audit Committee, the Board of Directors has approved the appointment of D. C. Dave & Co., Cost Accountants [Firm Registration Number- 000611], as Cost Auditors of the Company and their remuneration of Rs. 2,75,000 (Rupees Two Lakhs Seventy Five Thousand only) for the financial year 2020- 21.

The Board of Directors, therefore, recommends this resolution for ratification by members of the Company, as an Ordinary Resolution.

None of the Directors and the Key Managerial Personnel of the Company including their relatives is in any way interested or concerned in this resolution.

Item No. 9

The members are informed that as per the provisions of Section 197 of the Companies Act, 2013 ('Act'), Non- Executive Directors (NEDs) of the Company can be paid profit related commission up to 1% of net profits of the Company calculated in accordance with Section 198 of the Act ('net profits'), subject to members' approval.

In view of:

- (a) the contribution made by the NEDs to the Company in their respective areas of competency and expertise and in value adding and advancing the decisions of the Board by aligning with the overall objectives and vision of the Company; and
- (b) the recommendation made by the Nomination and Remuneration Committee and the Board of directors, at their respective meetings held on August 28, 2020, to pay profit related commission up to 1% of net profits of the Company calculated in accordance with Section 198 of the Act ('net profits'), members are requested to accord their approval to pay profit related Commission to those NEDs (including Independent Directors) of the Company who were directors of the Company as on March 31, 2020 in such manner and proportion as may be decided by the Board of Directors for the financial year 2019-20, within the overall maximum limit of 1% (one percent) of the net profits of the Company to be calculated in accordance with the provisions of Section 197 read with Sec 198 of the Companies Act, 2013, subject to the provision of Section 197 of the Act.

The Board of Directors therefore recommends this resolution for approval of the Members of the Company as a **Special** Resolution.

Except NEDs in their capacity as directors and to the extent of the commission (if approved) payable to them vide this resolution, none of the Directors and the Key Managerial Personnel of the Company including their relatives is concerned or interested in the resolution.

By Order of the Board of Directors of
Fermenta Biotech Limited (formerly known as DIL Limited)

SRIKANT N. SHARMA
Company Secretary & Vice President (Legal)
Membership No: FCS - 3617

August 28, 2020, Thane

Registered Office:
A-1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (W) – 400 610,
Maharashtra, India.

Brief profile of Directors being appointed or re-appointed, as required under regulation 26(4), 36(3) of the Listing Regulations and Secretarial Standard on General Meetings specified by the Institute of Company Secretaries of India and approved by the Central Government

Name of the Director	Ms. Rajeshwari Datla Non-Executive Director	Mr. Satish Varma Executive Director	Ms. Anupama Datla Desai Executive Director	Ms. Rajashri Ojha Additional (Independent) Director
Age	70 years	50 years	42 years	52 years
Date of first appointment on the Board	July 21, 2005	July 01, 2003	September 27, 2019	April 01, 2020
Qualifications	Bachelor of Science	Computer Science	Post-Graduate in Biotechnology from Mumbai University and Science Graduate from the Boston College, USA.	Bachelor of Pharmacy
Experience and Area of specialization	40 years of experience. Rich management and operational and experience in Pharmaceutical Industry and has been instrumental in FBL's journey till date	23 years of experience. Extensive and diverse operational, management and legal experience across the full scope of the FBL enterprise and was instrumental in the Solvay demerger in 2000 as well as the Crocin brand outlicence in 1996, events that have shaped the current strategic platform of the Company. Took direct operational responsibility of the Vitamin D3 business in 1998 and has led its growth.	14 years of experience. Quality control and implementation of safety policies and procedures across the organization. In charge of introducing and implementing new technology platforms into the company and also spearheads the new business development, customer interaction and marketing in India and overseas.	30 years of experience. Pharmaceutical, Medical devices, Nutra industry including in R&D analytical development, formulations development, regulatory & QA compliance and Global registrations and marketing approvals for Pharma, Biotech, Medical Devices, Nutraceuticals, OTC products world-wide.
Number of meetings of the Board of the Company attended during FY 2019-20	8	8	2	Not Applicable as she was appointed w.e.f. April 01, 2020
Directorship held in other companies	<ul style="list-style-type: none"> • Dupen Laboratories Private Limited • Lacto Cosmetics (Vapi) Private Limited 	<ul style="list-style-type: none"> • G I Biotech Private Limited; • Aegean Properties Limited; • DVK Investments Private Limited; • CC Square Films Limited; • Fermenta Biotech (UK) Limited 	<ul style="list-style-type: none"> • Dupen Laboratories Private Limited; • Lacto Cosmetics (Vapi) Pvt. Ltd. 	<ul style="list-style-type: none"> • Raaj GPRAC Private Limited
Chairmanships/Memberships of Committee* of other Company's Boards (as on March 31, 2020)	Nil	Nil	Nil	Nil
Terms and conditions of appointment along with remuneration proposed to be paid and Remuneration last drawn	N.A.	As stated in the explanatory statement to the Notice	As stated in the explanatory statement to the Notice	As stated in the explanatory statement to the Notice
Shareholding of Director (FV of Rs. 5/- each) (as on March 31, 2020)	5,09,718 equity shares	23,160 equity shares	4,05,492 equity shares	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mother of Mr. Krishna Datla and Ms. Anupama Datla Desai	Nil	As mentioned in the explanatory statement to the Notice	Nil

* Audit Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, and Nomination and Remuneration Committee.

Information as required to be provided under Part II, Section II (iv) of Schedule V of the Companies Act, 2013 regarding Executive Directors

	Ms. Anupama Datla Desai	Mr. Satish Varma
I. General Information	-	-
1 Nature of industry	Pharmaceutical	Pharmaceutical
2 Date or expected date of commencement of commercial production	N.A.	N.A.
3 In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.	N.A.
4 Financial performance based on given indicators	As provided in the Board's Report	
5 Foreign investments or collaborations, if any.	As on the date of the Notice, the Company has a wholly-owned subsidiary in the United Kingdom, Germany and the United States of America each.	
II. Information about the appointee:	-	-
1 Background details	Brief profile of directors is provided in the previous table.	
2 Past remuneration	As provided in the Board's report	
3 Recognition or awards	During the leadership of the directors, the Company has received the following awards among others: <ul style="list-style-type: none"> • 'Excellence in Corporate Social Responsibility', 'Excellence in Export Promotion' and 'Pharma International Excellence' awards at India Pharma Awards 2018 • The preferred supplier award for the eighth year in a row in Abbott Strategic Business Partner Award 2019; • Hindustan Times Thane Ratna Award 2019 and 2020 • National Best Employer Brands 2018 at 27th Edition of Times Ascent presents World HRD Congress • certified as 'Great Place to Work' by a global authority (Great Place to Work) • won three awards at the prestigious World HRD Congress hosted by The Global Employer Branding Institute • Business Leader of the Year (Best Business Brands) in 2020 at Asia HRD Congress 	
4 Job profile and his suitability	As provided in the brief profile of the directors set out in the previous table and the explanatory statement to the AGM Notice.	
5 Remuneration proposed	As provided in the explanatory statement to the Notice.	
6 Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Considering her vast experience, expertise and being responsible for key areas of the Company's business operations, it is difficult to compare such remuneration profile with others.	Considering his expertise and overall experience for last several years in the company's operations and expansions it is difficult to compare such remuneration profile with others.
7 Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	There is no pecuniary relationship directly or indirectly with the company except the remuneration and details mentioned in the related party transactions in the financial statements. Ms. Rajeshwari Datla (director) is mother and Mr. Krishna Datla (Managing Director) is brother of Ms. Anupama Datla Desai. Details of shares held by the director are provided in Corporate Governance Report.	There is no pecuniary relationship directly or indirectly with the company except the remuneration and details mentioned in the related party transactions in the financial statements. Details of shares held by the director are provided in Corporate Governance Report.
III. Other information	-	-
1 Reasons of loss or inadequate profits	The Company has been recording increase in its revenue and profits in recent years. However, the manner of calculation of eligible profits for managerial remuneration as specified in Section 198 of the Companies Act, 2013 may result in payment of remuneration in excess of the limits specified in Section 197 of the Act.	
2 Steps taken or proposed to be taken for improvement	The Company has inter alia adopted the following measures to further improve the profitability: <ul style="list-style-type: none"> • strengthening its purchase, production, and sales and marketing functions • established subsidiaries in the Europe and the USA in order to boost its sales and business across the globe • Technology upgradation by way of investing in state-of-the-art machinery to meet stringent quality requirements of customers • Cost control in all areas and focus on significant improvements in operating costs. 	
3 Expected increase in productivity and profits in measurable terms	Barring unforeseen circumstances, the revenue earnings vis-à-vis profitability of the Company is expected to increase in the coming years.	

Corporate Information

BOARD OF DIRECTORS

Mr. Sanjay Buch
Chairman and Independent Director

Ms. Rajeshwari Datla
Non-Executive Director

Dr. Gopakumar Nair
Non-Executive Independent Director
Appointed w.e.f. 17th May, 2019

Mr. Vinayak Hajare
Independent Director

Ms. Rajashri Ojha
Non-Executive Independent Director
Appointed w.e.f. 1st April, 2020

Mr. Krishna Datla
Managing Director

Mr. Satish Varma
Executive Director
Appointed w.e.f. 27th September, 2019

Ms. Anupama Datla Desai
Executive Director
Appointed w.e.f. 27th September, 2019

CHIEF EXECUTIVE OFFICER

Mr. Prashant Nagre

COMPANY SECRETARY

Mr. Srikant N. Sharma

CHIEF FINANCIAL OFFICER

Mr. Sumesh Gandhi

SOLICITORS

Crawford Bayley & Co.
Mundkur Law Partners

AUDITORS

Deloitte Haskins & Sells LLP
Chartered Accountants

TAX AUDITORS

SCA & Associates
Chartered Accountants

INTERNAL AUDITORS

M. M. Nissim & Co.
Chartered Accountants

COST AUDITORS

D C Dave & Co.
Cost Accountants

BANKERS

Standard Chartered Bank
Bank of Baroda
Union Bank of India
Indusind Bank
Kotak Mahindra Bank Limited
Yes Bank Limited
HDFC Bank Limited
State Bank of India

CORPORATE IDENTIFICATION NUMBER (CIN)

L99999MH1951PLC008485

INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN):

INE225B01021

REGISTERED OFFICE

A -1501, Thane One, DIL Complex,
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Thane (West) - 400 610, Maharashtra, India.
Tel No: + 91 22 66230800
Fax No: + 91 22 6798 0899
Email: info@fermentabiotech.com

WORKS

Village Takoli, P.O. Nagwain,
Dist. Mandi - 175 121, Himachal Pradesh, India.
Z - 109 B & C, SEZ II, Dahej, Taluka - Vagara,
Dist: Bharuch - 392 130, Gujarat, India.

RESEARCH & DEVELOPMENT UNIT

(Biotech and API Lab)
Plot No B 41, Road No. 27, Wagle Industrial Area,
Thane West - 400604, Maharashtra, India

WEBSITES

www.fermentabiotech.com
www.thaneone.com
www.vitamindguru.com

REGISTRAR AND TRANSFER AGENTS

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