



J. B. CHEMICALS & PHARMACEUTICALS LIMITED

August 16, 2020

BSE Ltd.
Phiroze Jeejebhoy Towers
Dalal Street
Mumbai 400 001

BSE Scrip Code : 506943

Stock Symbol: JBCHEPHARM

Dear Sir,

Sub: Submission of Annual Report for the year 2019-20

In compliance with the Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find Annual Report for the year 2019-20 alongwith notice of the Annual General Meeting scheduled on September 24, 2020 at 3.30 p.m. (IST) through Video Conferencing (VC)/Other Audio Visual Means (OAVM).

We request you to take the above on record.

Thanking you,

Yours faithfully,

For J. B. Chemicals & Pharmaceuticals Limited

M. C. Mehta

Company Secretary & Vice President – Compliance

📍 **Registered Office:**
Neelam Centre, B Wing, 4th Floor
Hind Cycle Road, Worli
Mumbai - 400 030

📍 **Corporate Office:**
Cnergy IT Park
Unit A2, 3rd Floor, Unit A, 8th Floor
Appa Saheb Marathe Marg, Prabhadevi
Mumbai - 400 025

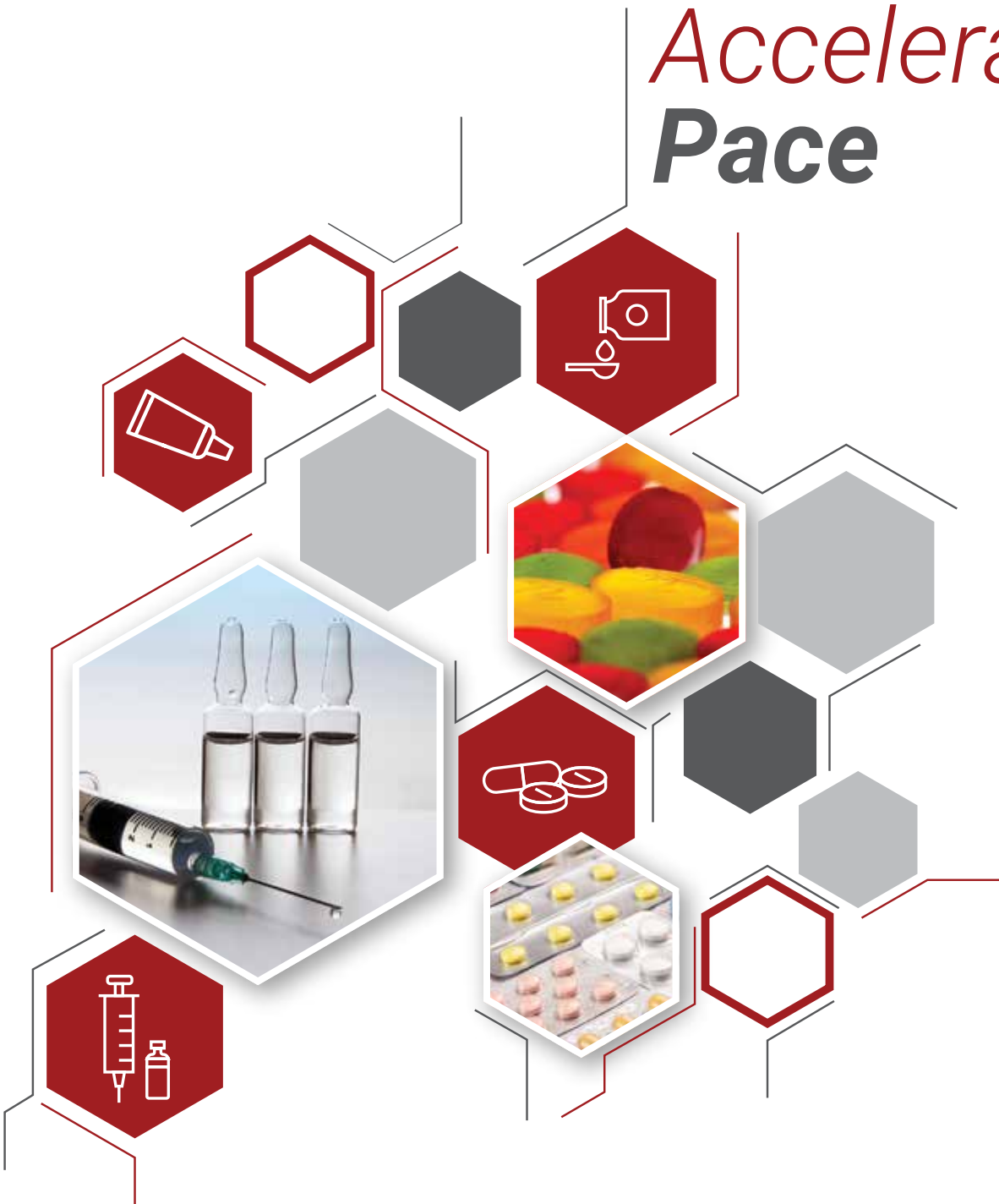
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J. B. CHEMICALS & PHARMACEUTICALS LIMITED

**ANNUAL
REPORT
2019-20**

Accelerating Pace



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Forward-looking statements

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 performance/results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', '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 assumptions. The achievement of results is subject to risks, uncertainties and realisation of 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. Readers should bear this in mind.

Accelerating Pace

Over the last several years, J. B. Chemicals & Pharmaceuticals Ltd. (JBCPL) has embarked on various strategic initiatives for Accelerating Pace of its long-term growth, the results of which are visible in the Company's performance.

The Company has been investing in expanding the product profile, enhancing capacities and on its marketing strength. The Company reorganized the domestic formulations division by creating four verticals each focused on the key brands for wider geographical coverage backed by a scientific oriented product promotion. On the International business front, the Company has invested in the creation of capacities conforming to international standards, new products and has enhanced its focus on the contract manufacturing business.

JBCPL's clear focus is to grow at a robust pace by consolidating its position in the domestic formulations market and seizing emerging opportunities in the focussed market of USA, Canada, Mexico, Brazil, EU, UK, Australia, South Africa and Russia-CIS.

The Brand 'Unique' is synonymous to high-quality products at affordable prices in both the domestic and international markets. Though the Company has a major presence in cardiovascular and gastrointestinal space, the Company is continually strengthening its products portfolio in other therapeutic segments.

With investments made in plant capacities that are approved by various international health authorities, a strong product portfolio and an experienced established team, the Company expects to further accelerate the growth to enhance stakeholders' value.



For Attention of Members

44th Annual General Meeting scheduled on 24-9-2020 will be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM). Members are requested to refer to accompanying Notice for procedure to join the AGM through VC/OAVM and ask questions or seek clarification with regard to Annual Report for FY 2019-20. Members please note that only those members who have previously registered their name as speaker shall have an opportunity to speak during the meeting.

Domestic Formulations



Mr. Shirish B. Mody
Whole time Director (Marketing)



Mr. Pranabh Mody
President & Whole time Director (Operations)

During the financial year 2019-20, the domestic formulations business sales stood at 735.68 Crores registering a growth of 18.20% against the industry growth of 11% (IQVIA, March, MAT 2020). It is the sixth straight year in which the Company's domestic formulations business has outperformed industry growth rate. The focused product group registered a growth of 22%. The Company's key therapeutic segments viz. Cardiovascular and Gastroenterology contributed sales of 326.75 Crores and 309.79 Crores and remained the highest growth contributor registering a growth of 28% and 11% respectively.

The Company's key product groups viz. Cilacar™ with sales of 249.02 crores, Rantac™ with sales of 175.17 crores, Nicardia™ with sales of 69.87 crores and Metrogl™ with sales of 115.17 crores continued to show healthy growth domestically. Sales of Rantac™ were impacted in the second quarter due to controversy in the US around NDMA in Ranitidine. The Company at present has no sales of Ranitidine formulation in the US.

JBCPL ranked 34th in the domestic pharmaceutical industry, while the Company's brands Metrogl (amoebicides) and Nicardia (calcium channel blocker) featured in top 130 brands in unit terms, while Rantac and Cilacar featured in top 100 brands in value terms (Source: IQVIA March, MAT 2020). While focused brand-building initiatives continue for these product groups, the Company has intensified its brand-building

efforts for products in antibiotics, pain management, dermatological, tonics, and respiratory segments.

The Company has four marketing divisions in this business i.e. VIVA, JIVA, DIVA, and IIVA, with a combined field force of over 2,100. Through these divisions, there are aggressive promotions with scientific orientation training and development of medical executives to enhance their in-clinic efficiency. This is backed by motivating incentive schemes to realize the potential of the people and the products, which has resulted in increased productivity. The key brands have received the right focus and wider coverage because of the divisional approach in the business. The success of this strategy is visible in the growing sales and productivity, whereby the sales under chronic products increased to 49% of total sales during the year as against 41% in the previous year.

The industry is expected to continue to grow at a healthy rate in medium-term due to health awareness and increasing penetration in Tier II, Tier III, and rural markets. The Company believes that its well-established brands which have pan India presence and its therapy-focused approach will facilitate the growth going forward.

The Company launched six new products during the year across Cardiac and Gastrointestinal (GI) segments, which have performed well. The Company has already launched two new products across GI and cardiac category, while one new product in cardiac segment, and six line extensions, which are planned for launch during the current financial year.

COVID-19 may impact growth in the industry in the financial year 2021, due to various reasons like closure of clinics and the use of hospitals largely for COVID-19 patients for a good part of the first half of the financial year. With intense competition in the industry and the Government’s approach to drug pricing, generic drugs, and fixed-dose combinations, the outlook remains challenging.

The Company’s contrast media division at sales of 61.45 crores achieved growth of 18%. New product Gadotrast injection, a next-generation macrocyclic MRI contrast agent has performed well in the market, while ultrasound contrast media product Definity™, which is used in examining the functioning of vital organs such as heart, kidney, and liver, also received a good response in the market. Although this business is fraught with severe price competition leading to erosion of margins.



Exports



Mr. Jay Mehta

President - Global Business (Russia-CIS) & CRAMS



Mr. Nirav Mody

President - Global Business & Business Development

During the financial year, the Company received US FDA approval for Ranitidine Tablets USP (75 mg. and 150 mg.), Tolterodine Tartrate Tablets (1 mg. and 2 mg.) and Carbamazepine Extended-Release Tablets USP, (100 mg., 200 mg. and 400 mg.). There are three ANDAs pending for approval, while the Company plans to file three ANDAs in anti-depressant and anti-arrhythmic segment during the current financial year. An Establishment Inspection Report (EIR) from the US FDA was also received for the new solid oral dosage forms manufacturing facility at Panoli, Gujarat known as T20. US FDA issues an EIR when an inspection is satisfactorily closed. Other regulatory authorities like EU, TGA-Australia, and SAHPRA-South Africa have already approved this new facility. This facility has a capacity of 2 billion tablets per annum, which is expandable to 9 billion tablets per annum.

The Company's total formulations exports at 711.32 crores registered growth of 3.6% over the previous year. Lower ANDA products sales and lower sales in contract manufacturing business affected the performance.

Besides, lockdown in many international markets as well as restriction on export of Metronidazole and Paracetamol formulations imposed by the Government of India in Q4 due to COVID-19 also affected Company's exports.



Mr. Shekhar Nadkarni
US Business Partner



Mr. Ravi Gulgule
US Business Partner



Mr. Sandeep Nasa
Head - Russia-CIS business

Exports to Global markets (other than Russia-CIS) stood at 502.16 crores registering a growth of 3.6% in Rupee terms over the previous year. The sales to the US at 142.34 crores were 13.3% lower over the previous year. Exports of branded generics and site variation products registered a good growth of 20% and 11.3% respectively. US business and contract manufacturing business continue to remain the focus areas. The Company accordingly continues to explore new growth opportunities in this business. The Company's focus markets are US, Canada, Mexico, Brazil, EU, UK, Australia, and South Africa.

The Company's other US FDA approved solid oral dosage forms manufacturing facility, known as Ti-10 at Panoli, Gujarat also successfully passed periodical inspection by US FDA during the year with one minor procedural observation. The Company has since received the Establishment Inspection Report (EIR) from the US FDA for this facility as well.

Exports to Russia-CIS markets stood at 125.61 crores in the financial year 2020 registering a growth of 9.7% against the previous financial year. The Company plans to launch new products in Russia-CIS to boost sales and has received seven new product registrations from this region and plans nine more submissions this year. The Company continues to manufacture and supply OTC products to Cilag GmbH international for Russia-CIS markets. Sales of Russian subsidiary OOO Unique Pharmaceutical Laboratories for the year stood at 708 million Ruble which were 13% higher, the EBITDA stood at 14.50 million Ruble which declined by 51.60% due to higher operating expenses, the PAT was reported at 4.03 million Ruble against 19.18 million Ruble in the previous year. The Company continues to believe that this is a high potential market and offers good growth prospects and hence continues to invest accordingly in this market.

The API sales for the Company stood at 69.50 crores which declined by 16.70% over the previous financial year. API exports were particularly lower as the Company's major customer for Diclofenac Sodium has undertaken process change in



marketing authorizations to designate the Company's site as an approved source for the purchase of various salts of Diclofenac Sodium. This process is still likely to take 12 to 18 months to complete but the sales are expected to go back to the previous levels once all the registrations are in place. The Company's domestic sales of API are on increase.



Sales of Biotech Laboratories (Pty.) Ltd. ("Biotech") increased by 6% to 352.1 million Rand during the financial year, while its EBITDA stood at 21.90 million Rand, a decline of 23.50% over the previous year, and PAT was reported at 14.70 million Rand as against 20.83 million Rand in the previous year. In constant currency terms, the profit after tax would have increased by 10.5% but South African Rand depreciated significantly against the US Dollar from R14.33: US\$1 in April 2019 to R18.16: US\$1 in March 2020, which resulted in the actual profit after tax decreasing by 28%. The operations of Biotech and the customer relationships continue to remain strong and despite lack of growth in the South African pharmaceutical market, Biotech's sales and product portfolio continued to grow in the financial year 2020 and is expected to grow even further in the current financial year on the back of increasing market share in the private sector and good government tender wins.

Contract manufacturing projects in the area of lozenges, tablets, ointments, creams, and gels have performed well. The Company's State-of-the-Art manufacturing facilities with approvals from international health authorities such as US FDA, UK MHRA, EU GMP, TGA Australia, SAHPRA South Africa, MoH, Russia, Ukraine (PICs), MoH Japan and strong manufacturing, regulatory and development support coupled with increasing product registrations offer good prospects for growth.

The international business faces challenges such as currency volatility, price erosion, and changing regulatory environment, however, the Company continues to be optimistic about its growth prospects.



Mr. Bharat P. Mehta

Whole time Director (Planning & Development)



Mr. Kamlesh L. Udani

Executive Director (Technical & Production)

Sr. No.	Health Authority	Facility Approved
1	US FDA	Tablets, APIs
2	EU GMP	Tablets, Capsules, Lozenges, Ointments, Gel, Creams, Liquid
3	SAHPRA, South Africa	Tablets, Injections, Lozenges, Ointments, Gel, Creams, Liquid, Capsules, Eyedrops
4	TGA, Australia	Tablets, Lozenges, Ointments, Gel, Creams, Liquid
5	PIC/S (MOH, Ukraine)	Tablets, Lozenges, Injections, Liquid, Ointments, Gel, Creams, Powder
6	MOH, Japan	API
7	MOH, Russia	Tablets, Liquid, Injections, Ointments, Gel, Creams, Lozenges, Powder
8	ANVISA, Brazil	Injections
9	Health Canada	Liquid, Lozenges
10	MOH, Korea	API



State-of-the-art Tablets manufacturing facility at Panoli, Gujarat



State-of-the-art Formulations manufacturing facility at Panoli, Gujarat



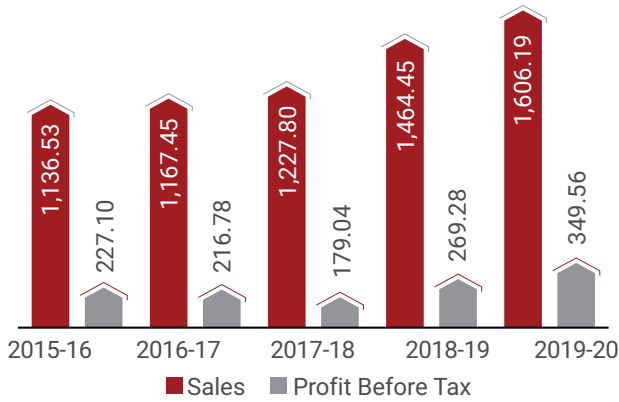
State-of-the-art US FDA approved API facility at Panoli, Gujarat



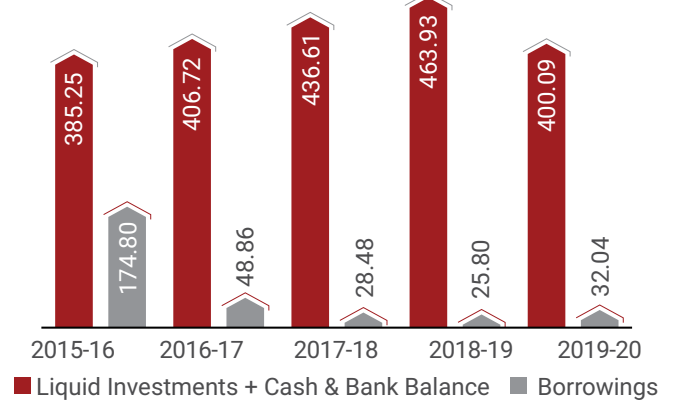
State-of-the-art Tablets and Lozenges manufacturing facility at Kadaiya, Daman

Financial Highlights

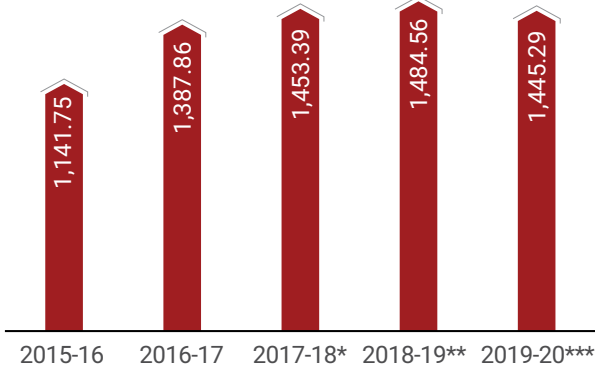
Sales / Profit Before Tax
(₹ in Crores)



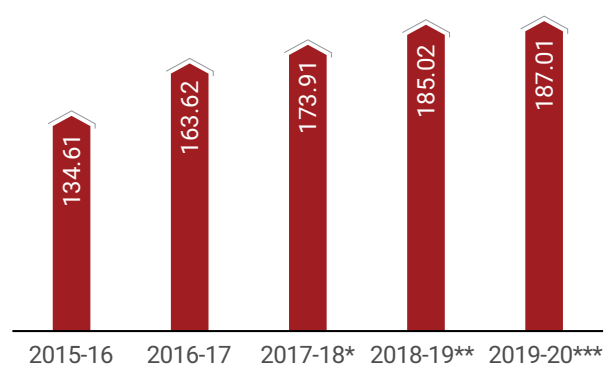
Liquid Investments + Cash & Bank Balance/ Borrowings
(₹ In Crores)



Share Capital + Reserves & Surplus
(₹ in Crores)



Book Value
(₹)

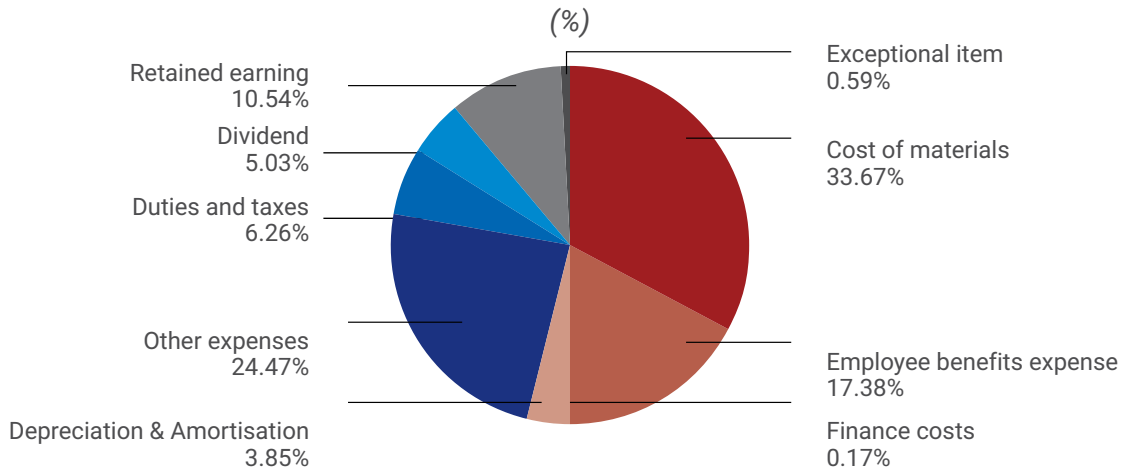


*After buy-back of 50 crores

**After buy-back of 130 crores

***After buy-back of 130 crores and dividend outgo of 93.17 crores

Distribution of Revenue FY 2019-20



Board of Directors



Shirish Mody
*Whole time Director
(Marketing)*



Bharat P. Mehta
*Whole time Director
(Planning & Development)*



Pranabh Mody
*President & Whole time Director
(Operations)*



Rajiv C. Mody
Independent Director



Kamlesh Udani
*Executive Director
(Technical & Production)*



Satyanarain Agarwala
Independent Director



Krupa R. Gandhi
Independent Director



Devang Shah
Independent Director



Shaukat Merchant
Independent Director



Manoj Mashru
Independent Director

CORPORATE INFORMATION

AUDIT COMMITTEE

Ms. Krupa R. Gandhi (Chairperson)
 Mr. Durga Dass Chopra (upto 20-05-2019)
 Mr. Dinesh B. Mody (upto 28-08-2019)
 Dr. Satyanarain Agarwala
 Mr. Devang R. Shah (from 21-05-2019)
 Mr. Pranabh Mody (from 12-11-2019)

CORE TECHNICAL TEAM

Mr. Bharat P. Mehta, Whole time director (Planning & Development)
 Mr. Kamlesh Udani, Executive director (Technical & Production)
 Dr. Milind Joshi, President – Global Regulatory Management
 Mr. Parmeshwar Bang, Vice President - Works
 Mr. V. R. Singh, Vice President – QA

COMPANY SECRETARY

M. C. Mehta

AUDITORS

M/s. D N V & Co.
 Chartered Accountants
 Mumbai

BANKERS

Bank of India
 BNP Paribas
 Standard Chartered Bank
 Citibank N. A.

REGISTRARS & SHARE

TRANSFER AGENT

Datamatics Business Solutions Ltd.
 Plot B- 5, Part- B,
 Cross Lane, M.I.D.C., Andheri (East),
 Mumbai 400 093.
 Tel No. (022) 6671 2001-06
 Fax No.(022) 6671 2011

BUSINESS MANAGEMENT TEAM

Mr. Jyotindra B. Mody, Managing director (upto 21-07-2020)
 Mr. Dinesh B. Mody, Whole time director (Administration) (upto 28-08-2019)
 Mr. Shirish B. Mody, Whole time director (Marketing)
 Mr. Pranabh Mody, President & Whole time director (Operations)
 Mr. P. K. Singh, President - Global Business
 Mr. Nirav Mody, President–Global Business & Business Development
 Mr. Jay Mehta, President - Global Business (Russia-CIS) & CRAMS
 Mr. Savya Sachi, President - Marketing & Sales (DBU)
 Mr. Bhushan Sachdev, Vice President – Supply Chain Management
 Mr. Vijay Bhatt, Chief Financial Officer
 Mr. B. K. Dhar, General Manager - API (Marketing)
 Mr. Mitesh Kothari, General Manager - Diagnostic

REGISTERED OFFICE

Neelam Centre, 'B' Wing,
 4th floor, Hind Cycle Road,
 Worli, Mumbai 400 030.
 Tel No.(022) 2482 2222
 Fax No.(022) 2493 0534

CORPORATE OFFICE

Cnergy IT Park,
 Unit A2, 3rd floor, Unit A, 8th floor,
 Appa Saheb Marathe Marg,
 Prabhadevi,
 Mumbai 400 025.
 Tel No.(022) 2439 5200/2439 5500
 Fax No.(022) 2431 5331/2431 5334
 Website : www.jbcpl.com
 Email id for investors: investorelations@jbcpl.com
secretarial@jbcpl.com

DIRECTORS' REPORT

Your directors are pleased to present forty-fourth report and audited financial statement of the Company for the financial year ended on March 31, 2020.

1. FINANCIAL HIGHLIGHTS

The following is the highlight of financial performance of the Company during the year under review.

(₹ in lakhs)

	2019-20	2018-19
Sales	160,619.62	146,444.85
Other Operating revenue	3,454.82	3,673.85
Other Income	4,934.27	4,022.50
Total Income	169,008.71	154,141.20
Profit before finance cost and depreciation	41,758.73	32,866.57
Less: Finance cost	293.51	456.55
Less: Depreciation & Amortisation expense	6,509.05	5,482.49
Profit before exceptional item and tax	34,956.17	26,927.53
Exceptional Item	1,000.00	–
Profit before tax	33,956.17	26,927.53
Tax Expense	7,141.77	8,721.61
Net Profit after tax	26,814.40	18,205.92
Other Comprehensive Income	(506.42)	29.25
Total Comprehensive Income after tax	26,307.98	18,235.17
Earnings per share of ₹ 2 (In ₹)	33.70	22.15

2. DIVIDEND

Your directors recommend a final dividend of ₹ 1 (50%) per equity share of face value of ₹ 2, payment whereof will be subject to deduction of tax at source. During the year, Board of directors declared interim dividend of ₹ 10 (500%) per equity share. The final dividend, if declared, together with interim dividend already paid would result in total outgo of ₹ 100.89 crores including dividend distribution tax paid on interim dividend. The Company paid dividend of ₹ 5 (250%) per equity share in the previous year. The Board has not proposed any transfer out of profit for the financial year to reserves in relation to these dividend payments.

3. BUY-BACK OF EQUITY SHARES

Pursuant to authority of the Board, the Company completed on 8-1-2020 buy-back of 29,54,545 equity shares of face value of ₹ 2 at price of ₹ 440 per share on proportionate basis through tender offer in accordance with provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018. Consequently, the paid-up equity share capital stands reduced to 7,72,82,097 equity shares of ₹ 2. The Company has transferred the sum of ₹ 59.09 lakhs from general reserve to capital redemption reserve account pursuant to Section 69 of the Companies Act, 2013.

4. OPERATIONS/STATE OF AFFAIRS

Momentum in the business operations continued during the year and consequently the sales and operating profits for the year recorded reasonable growth. Sales for the year at ₹ 1,606.20 crores were 9.68% higher over the previous financial year. EBITDA at ₹ 368.24 crores registered growth of 27.67% and was 22.93% of sales.

Domestic formulations business at sales of ₹ 735.68 crores achieved growth of 18.2% against industry growth of 11%. Enhanced focus on key brands through divisionalisation approach in this business has helped improve sales and productivity. Contrast media products sales in domestic market at ₹ 61.45 crores achieved growth of 18%.

Overall formulations exports at ₹ 711.32 crores registered marginal growth of 3.6% over the previous year. Exports to Rest of the World markets (other than Russia-CIS) at ₹ 502.15 crores achieved growth of 3.6% mainly due to lower sales to US market. Exports to Russia-CIS markets at ₹ 125.61 crores showed growth of 9.7%. API sales at ₹ 69.50 crores were 16.70% lower over the previous year.

The profit before tax and exceptional item at ₹ 349.56 crores was higher by 29.82% over the previous year. The profit after tax at ₹ 263.08 crores was 44.50% higher

DIRECTORS' REPORT (Contd.)

over the previous year. This growth in profit after tax was aided by lower rate of tax opted by the Company.

5. DISPOSAL OF COMPANY'S APPEAL AGAINST NGT ORDER

The members are aware that the Company filed an appeal before the Supreme Court against judgement and order dated 8-1-2016 of National Green Tribunal, Pune Bench, (NGT) directing, inter alia, closure of Company's API Unit at Panoli, Gujarat. The members may refer to Board's report dated May 20, 2016 for brief summary of this matter.

Supreme Court by judgement dated 1-4-2020 has allowed the appeal and set aside the impugned judgement of NGT dated 8-1-2016 in so far as it directed closure of the said API Unit and revocation of environmental clearance granted to the said Unit as well as order in review dated 17-5-2016. However, Supreme Court has ordered deposit of compensation of ₹ 10 crores in accordance with the precautionary principle. This compensation is to be deposited with Gujarat Pollution Control Board with a period of four months from the date of receipt of certified copy of the judgement. The Company will deposit this within the said period. Exceptional item in the financial statement for 2019-20 represents provision made for deposit of this compensation.

6. RESPONSIBILITY STATEMENT

The directors confirm:

- (i) that in the preparation of the annual accounts for the year under review, the applicable accounting standards have been followed;
- (ii) that they have selected appropriate accounting policies and applied them consistently and made judgements 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 financial year 2019-20 and of profit of the Company for that year;
- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that they have prepared the annual accounts for the year ended on March 31, 2020 on a going concern basis;
- (v) that they 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

- (vi) that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

7. SUBSIDIARIES

The highlights of performance of subsidiary companies in Rupee terms for the year 2019-20 is presented in Annexure-A. After inter-company adjustments, subsidiary companies contributed ₹ 135.31 crores to consolidated income and ₹ 9.33 crores to consolidated operating profit of the Company.

Sales of Biotech Laboratories (Pty.) Ltd., South Africa, for the financial year 2019-20 were ZAR 352.14 million, which represents growth of 6.07% over the previous year, while its operating profit at ZAR 18.19 million was 31.53% lower mainly due to higher cost of goods sold in tender business. Sales of OOO Unique Pharmaceutical Laboratories, Russia, were Rouble 708.01 million, which represents growth of 13.02% over the previous year, while its operating profit at Rouble 12.36 million was 47.91% lower due to higher operating expenses. Unique Pharmaceutical Laboratories FZE, Dubai is presently not engaged in any business activity. It incurred loss of AED 0.99 million due to operating expenses.

8. CORPORATE GOVERNANCE AND COMPLIANCES

A certificate from auditors of the Company on compliance with conditions of corporate governance is annexed to this report. Compliance report on corporate governance, business responsibility report and dividend distribution policy forms part of this annual report.

9. PUBLIC DEPOSITS

The Company has not accepted any deposit covered under Chapter V of the Companies Act, 2013 during the year. All the public deposits accepted prior to the commencement of the said Act have been repaid in 2014-15.

10. TRIBUTE TO SHRI DINESH B. MODY

Board inform the members with immense grief that Mr. Dinesh B. Mody, one of the founder promoters and executive director of the Company since incorporation of the Company passed away on 28-08-2019. Mr. Dinesh Mody was one of the pillars of the Company who developed businesses, built brands and built organisation over the years through his sheer entrepreneurship, deep commitment, complete dedication and industrious nature. He played vital role in growth of the Company and development of the businesses. He was singularly instrumental in establishment of OTC and Rx business in

DIRECTORS' REPORT (Contd.)

Russia-CIS and significantly contributed to its growth over the years.

Mr. Dinesh Mody also served interest of the pharma industry for long. He was elected as president of Indian Drug Manufacturers' Association (IDMA) for 1995-96 and 1996-97 and thereafter remained associated with it for long time. He was founder Chairman of the Pharmaceuticals Export Promotion Council (PHARMEXIL). Board has placed his valuable contributions on record with sense of gratitude.

11. DIRECTORS

Mr. Durga Dass Chopra, independent director, resigned from the Board of directors with effect from 30-09-2019 due to age related health issues.

The members of the Company at annual general meeting held on 19-8-2019 appointed Mr. Devang R. Shah as independent directors for further term of five consecutive years from 16-12-2019 and re-appointed Mr. Bharat P. Mehta, who was retiring by rotation.

In accordance with provisions of the Companies Act, 2013, Mr. Pranabh Mody would retire by rotation at the ensuing annual general meeting. He, being eligible, has offered himself for re-appointment.

All independent directors have given a declaration to the Board that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 as well as in Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. They have also confirmed that they have registered with the Indian Institute of Corporate Affairs to include their name in the databank of independent directors.

The members, at annual general meeting held on 23-8-2016, appointed Mr. Shaukat Merchant as independent director for a term up to five (5) years from 3-2-2016. Thus, he holds office up to 2-2-2021. During last five years, Mr. Shaukat Merchant's score in annual performance evaluation has been in the range of 4-5 (5 being highest). Accordingly, the Board is of the opinion that his continued association for a second term of five (5) years would be in the interest of the Company. Keeping in view performance evaluation report of Mr. Shaukat Merchant for the first term, the Board of Directors proposes re-appointment of Mr. Shaukat Merchant for a second term up to five (5) consecutive years commencing from 3-2-2021.

Total five (5) meetings of the Board of directors were held during the financial year 2019-20. They were held on May 21, 2019, August 13, 2019, November 12, 2019, February 4, 2020 and February 20, 2020.

12. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION POLICY

The Company's policy on directors' appointment is set out in Annexure-B. The salient features of Company's policy on remuneration for the directors, key managerial personnel and other employees is set out in Annexure-C. The said Policy including criteria for determining qualifications, positive attributes and independence of a director has been posted on the Company's website www.jbcpl.com and the same can be accessed using web link <http://www.jbcpl.com/investors/pdf/policy/remuneration%20policy.pdf>.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in Annexure-D.

14. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) Committee consists of Dr. Satyanarain Agarwala, independent director, Mr. Bharat P. Mehta and Mr. Pranabh Mody. The CSR Committee has formulated and recommended CSR Policy to the Board, which the Board has approved. The details and contents/salient features of CSR policy and annual report on CSR in the prescribed form are set out in Annexure-E.

The Company spent ₹ 442.47 lakhs on prescribed CSR projects/activities during financial year 2019-20 as against ₹ 442.36 lakhs being 2% of the average net profits of the Company made during three immediately preceding financial years.

15. AUDIT COMMITTEE AND VIGILANCE MECHANISM

The Board has constituted Audit Committee that currently consists of Ms. Krupa Gandhi, Dr. Satyanarain Agarwala, Mr. Devang Shah and Mr. Pranabh Mody. Consequent to demise of Mr. Dinesh B. Mody, the Board has co-opted Mr. Pranabh Mody as member of the Audit Committee effective from 12-11-2019. There has been no instance of non-acceptance of recommendation of Audit Committee by the Board.

The Board of directors has established vigil mechanism in the form of Whistle Blower Policy to enable directors, employees and other stakeholders to make written Protected disclosures (as defined in the Policy) to the Chairman of the Redressal Committee for evaluation and investigation. The Policy empowers the Redressal Committee to investigate if the issue raised constitutes protected disclosure, complete the investigation in a time bound manner and recommend, after consultation with the Audit

DIRECTORS' REPORT (Contd.)

Committee, necessary corrective action to the concerned manager for implementation. The Policy provides for access of whistle blower to the Chairman of the Audit Committee in appropriate or exceptional circumstances. The Policy provides for adequate safeguards of whistle blowers against any kind of victimisation or unfair treatment but also provides for taking stern disciplinary action against who abuses the protection so granted. This functioning of vigil mechanism is periodically reviewed by the Audit Committee. The Company has posted the Whistle Blower Policy on its website www.jbcpl.com.

16. ANNUAL PERFORMANCE EVALUATION

The Board of directors carried out evaluation of performance of the Board, its Committees and individual directors during 2019-20 in accordance with the manner specified by the Nomination and Remuneration Committee (NRC) and using evaluation criteria recommended by NRC and approved by the Board.

Each Board member (excluding director being evaluated) evaluated performance of all other Board members on the given criteria. The simple average of rating assigned by each Board member was aggregated and average thereof was worked out to ascertain score of concerned director.

Board (excluding members of the Committee being evaluated) collectively discussed and evaluated performance of each Committee on the given criteria. Based on consensus, rating was assigned and then simple average thereof was worked out to ascertain score of concerned committee.

Each member of the Board evaluated performance of the Board on the given criteria. The simple average of rating assigned by each Board member was aggregated and average thereof was worked out to ascertain performance of the Board.

17. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Form AOC-2 prescribed under Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014 provides for disclosure of (a) details of contracts or arrangements or transactions not at arm's length basis, and (b) details of material contracts or arrangement or transactions at arm's length basis.

All the transactions entered into by the Company with the related parties during the year were pursuant to the contract or arrangement approved by the Audit Committee and the Board of directors. The transactions so entered into were in the ordinary course of business

of the Company and on arm's length basis. The contract or arrangement or transactions were neither material in terms of the Policy on materiality of related party transactions adopted by the Company nor it exceeded the threshold limit prescribed pursuant to first proviso to Section 188(1) of the Companies Act, 2013. However, without going by the materiality as aforesaid, the details of material/major related party contracts/arrangement/transactions at arm's length basis and entered into in the ordinary course of business of the Company are given in Form No. AOC-2 given under Annexure- F1.

Every related party contract or arrangement entered into with approval of the Board under Section 188(1) of the Companies Act, 2013 is referred to in Annexure-F2 pursuant to Section 188(2) of the Companies Act, 2013. These contracts or arrangements are in the ordinary course of business and terms thereof are on arm's length basis, and have been approved by the Audit Committee and the Board of Directors.

18. PARTICULARS OF EMPLOYEES AND OTHER REMUNERATION RELATED DISCLOSURES

The remuneration related and other disclosure required in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, are given in Annexure-G.

A statement showing name and other particulars of the employees in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, is given in Annexure-H.

19. EMPLOYEE STOCK OPTION PLAN

No option granted by the Company was unvested or unexercised as at the year-end. The disclosure of details in respect of the Company's Employee Stock Option Plan, as required under the Companies (Share Capital and Debentures) Rules, 2014, is set out in Annexure-I to this report.

20. RISK MANAGEMENT

The Board of directors has developed and implemented risk management policy for the Company. Pursuant to the Listing Regulations, the Board has constituted Risk Management Committee and delegated monitoring and review of the risk management plan to the Committee. Committee would periodically review status of mitigation measures taken in respect of risk management plan and would report progress thereof to the Board and Audit Committee.

DIRECTORS' REPORT (Contd.)

21. INTERNAL FINANCIAL CONTROLS

The Board has adopted internal financial controls encompassing policies and procedures for ensuring the orderly and efficient conduct of the business, including adherence to Company's policies, safeguarding the Company's assets, prevention and detection of fraud and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. The specific internal financial controls with reference to financial statements include internal audit of important activities and processes relating to preparation of financial statements, adoption of well-defined standard operating procedure for business transactions and compliance relating thereto, use of ERP for accuracy and control, review of periodically prepared financial statements with objective to ensure that financial statements present true and fair view and are sufficient/credible and in compliance with legal and regulatory requirement.

Neither management of the Company has come across any instance of fraud during the year 2019-20 nor the auditors of the Company has reported any such instance to the Audit Committee.

22. LOANS, GUARANTEES AND INVESTMENTS

During the year, the Company has not given any loan or guarantee or made any investment attracting the provisions of Section 186 of the Companies Act, 2013. Hence, there is no information to be furnished pursuant to Section 134(3)(g) of the Companies Act, 2013.

23. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis report for the year 2019-20 is attached as Annexure-J and forms part of this annual report.

24. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013, the extract of annual return in prescribed Form MGT-9 containing information as on March 31, 2020 is given in Annexure-K. The latest annual return filed being annual return in prescribed form MGT-7 containing the particulars as they stood on March 31, 2019 is available on the Company's website www.jbcpl.com. The annual return for financial year 2019-20 will also be available at the same web address once the same is filed with the Registrar of Companies.

25. SIGNIFICANT AND MATERIAL ORDERS

No regulator or court has passed, during the year, any significant or material order affecting going concern status and Company's operations in future.

26. COST RECORDS

The Company is required to maintain cost records as specified by the Central Government under sub-section

(1) of Section 148 of the Companies Act, 2013, and such accounts and records are duly made and maintained by the Company. The Company is further required to get such cost records audited by a cost auditor in accordance with the Companies (Cost Records and Audit) Rules, 2014 and furnish cost audit report received from the cost auditor to the Central Government within the prescribed time. The Company is in compliance with these provisions.

27. CONFIRMATIONS

The Company has complied with (i) applicable Secretarial Standards specified by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013, and (ii) the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

28. AUDITORS

The members at annual general meeting held on 19-9-2017 has appointed DNV & Co., Chartered Accountants (having firm registration no. 102079W), as statutory auditor of the Company for a term of five consecutive years from the conclusion of the said annual general meeting. However, ratification of appointment of auditor by members at every annual general meeting is now not required pursuant to amendment made to Section 139 of the Companies Act, 2013.

29. SECRETARIAL AUDIT REPORT

Ashish Bhatt & Associates, Practising Company Secretaries, Secretarial Auditor of the Company, carried out secretarial audit for the financial year 2019-20 as provided under Section 204 of the Companies Act, 2013 and the rules made there under. The secretarial audit report given by the said auditor is annexed to this report as Annexure-L.

30. HEALTH AND SAFETY

The Company continues to accord high priority to health and safety of employees at all manufacturing locations. During the year under review, the Company conducted safety training programmes for increasing disaster preparedness awareness among all employees at the plants. Training programmes and mock drills for safety awareness were also conducted for all employees at the plants.

For and on behalf of the Board of Directors

J. B. Mody

Chairman & Managing Director

Place : Mumbai

Date : June 25, 2020

DIRECTORS' REPORT (Contd.)

ANNEXURE - A

Highlights of performance of the subsidiary companies for the year ended on March 31, 2020.

(₹ in lakhs)

	OOO Unique Pharmaceutical Laboratories, Russia	Biotech Laboratories (Pty.) Ltd., South Africa.	Unique Pharmaceutical Laboratories FZE, Dubai
Sales	7,132.52	17,054.08	–
Other operating revenue	–	56.77	–
Other Income	2,675.54	115.72	–
Total Income	9,808.06	17,226.57	–
PBT	98.16	987.26	(195.85)
Provision for tax	31.14	188.23	–
Deferred Tax	26.35	74.14	–
Earlier year Tax	18.03	–	–
PAT	22.64	724.89	(195.85)

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

Place : Mumbai

Date : June 25, 2020

ANNEXURE – B

Company's Policy on directors' appointment.

Policy Statement:

The following shall be followed/kept in view, to the extent possible and practicable while selecting any person for a position of a director of the Company.

- (a) The appointment of any director should be such as to help maintain/achieve diversity of thought, experience, knowledge, perspective and gender in the Board of Directors.
- (b) A candidate proposed for appointment as a director should be a person of integrity.
- (c) A candidate proposed for appointment as independent director shall:
 - (i) be independent of management;
 - (ii) shall possess appropriate skills, experience and knowledge in fields such as finance and financial advisory, law, management, sales, marketing, administration, corporate governance, taxation, regulatory affairs, drugs and medicine, technical operations and any other discipline related to the Company's business;
 - (iii) be such that brings in appropriate balance of skills, experience and knowledge in the Board of Directors;
- (iv) be willing to devote time for the affairs and activities of the Board and its Committee(s) and otherwise to enable the Board of Directors to discharge its functions and duties effectively; and
- (v) satisfy criteria of independence as mentioned in the Companies Act, 2013 and the Listing Agreement from time to time.
- (d) For independent directors, requisite professional qualification in the area of expertise is preferred. However, experience and expertise in a given field should be determining factor.
- (e) A candidate proposed for position of executive director may be from the promoter group or outside. Such candidate should have enough experience or potentially fit for the executive responsibilities.

Observance of the Policy: Besides the Board of Directors, this Policy will also be followed by the Nomination and Remuneration Committee.

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

Place : Mumbai

Date : June 25, 2020

DIRECTORS' REPORT (Contd.)

ANNEXURE - C

Salient features of Company's policy on remuneration for the directors, key managerial personnel and other employees.

- The objective of remuneration for executives and employees is to focus them on achieving objectives and improving performance, to motivate and retain them and to be able to attract qualified, talented and competent executives and employees to the Company.
- The Nomination and Remuneration Committee ("Committee") shall endeavour to fix the base salaries (fixed salaries) for executive directors keeping in view practices prevailing in the industry and also variety of other factors such as experience, past performance, scope of responsibilities and complexity of functions. The annual increments in their base salaries shall be determined keeping in view performance of the Company and shall also reflect appropriate performance benchmarks.
- Non-executive directors shall be entitled to receive remuneration by way of fee for attending meetings of the Board of Directors and Committee(s) thereof or any other purpose whatsoever as may be decided by the Board from time to time within the maximum limit prescribed under the Rules made under the Companies Act. Subject to the provisions of the Act, Non-executive directors may also receive profit related commission as may be decided by the Board.
- The Committee shall endeavour to fix the base salaries (fixed salaries) for Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) at the time of appointment keeping in view practices prevailing in the industry and also variety of other factors such as qualifications, experience, scope of responsibilities, complexity of functions and geographical area. The annual increments in the base salaries of KMP and SMP shall be determined by the Company management keeping in view performance of the Company and performance of the employees.
- The Company management shall endeavour to fix the base salaries (fixed salaries) for other employees keeping in view qualifications, experience, scope of responsibilities, complexity of functions, geographical location and practices prevailing in the industry. The Company management shall also evaluate and explore for other employees in general or employees in any specific department or function an element of variable pay in the form of incentive, bonus etc. keeping in view short term and long term objectives of the Company. The Company management shall determine annual increments of other employees based on performance of employees, performance of the Company and practices prevailing in the industry.
- While fixing the remuneration, the Committee shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KMP and SMP of the quality required to run the Company successfully. Further, the Committee or the Company management, as the case may be, shall endeavour to ensure that the remuneration and/or annual increment determined is affordable to the Company and competitive with due consideration to industry trends and the Company's own position, consistently followed practices.

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

Place : Mumbai
Date : June 25, 2020

DIRECTORS' REPORT (Contd.)

ANNEXURE - D

Conservation of energy, technology absorption, foreign exchange earnings and outgo.

(A) Conservation of energy:

(i) Steps taken or impact on conservation of energy:

The Company regularly takes measures for conservation of energy and thereby contain the rising energy cost. During the year, the Company (i) installed scaleban system at Panoli plant to re-use high TDS water in cooling tower (ii) replaced cooling water and chilled water pumps with energy efficient pumps at Panoli unit (iii) replaced existing boiler at Daman unit with more efficient boiler (iv) installed condensate recovery system to recover and pump condensate to boiler feed without using additional electrical energy, and (v) replaced conventional lamps with LED lights for reduced electricity consumption.

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

The Company is in process to install 200 KVA solar power plan at Daman Unit. Purchase of solar power for units at Panoli is under evaluation.

(iii) The capital investment on energy conservation equipment:

During the year, the Company spent about ₹ 161 lakhs on energy conservation equipment.

(B) Technology absorption:

(i) Efforts made towards technology absorption:

The Company has developed certain technologies in-house in relation to development of pharmaceutical formulations, drug delivery system and API. These technologies were absorbed in development of new formulations and manufacture of validation batches, exhibit batches and scale up batches. These technologies have been absorbed with the effort of in-house R&D.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: The Company derived the following benefits as a result of technology absorption:

- Prior approval supplements for alternate API for ANDA.
- Regulatory approval of various formulations.
- Cost reduction.
- Development of eco-friendly processes
- Improvement in product yield, quality and reduced cost of production.

(iii) The Company has not imported any technology during last 3 financial years.

(iv) The expenditure incurred on Research and Development during the year is as under:

(₹ in lakhs)

(a) Capital	133.93
(b) Revenue	2,512.76
(c) Total	2,646.69

(C) Foreign exchange earnings and outgo:

The foreign exchange earned in terms of actual inflows during the year and foreign exchange outgo in terms of actual outflows during the year was ₹ 78,144.64 lakhs and ₹ 21,530.28 lakhs respectively.

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

Place : Mumbai
Date : June 25, 2020

DIRECTORS' REPORT (Contd.)

ANNEXURE - E

Details and contents/salient features of corporate social responsibility policy and annual report on CSR.

The objective of the CSR policy is to strive to create and/or encourage, directly or indirectly, positive impact on the society at large through CSR activities or projects undertaken by the Company.

The Company intends to undertake all or any of the activities prescribed in Schedule VII to the Companies Act, 2013. Accordingly, CSR Policy specifies activities to be undertaken by the Company from time to time in terms of Schedule VII to the Companies Act, 2013. The scope of CSR Policy has been kept as wide as possible to enable the Company to choose the activity as it deems fit and allow the Company to respond to different situations and challenges appropriately. As per the Policy, the Company management will identify the CSR project or program which may either be time bound or ongoing in nature. The Company may undertake CSR activities directly through its own personnel or through any registered trust / registered society or company established u/s 8 of the Companies Act, 2013. Besides, the Policy also specifies criteria and modalities of undertaking CSR activities through partnering organizations.

Currently, the Company plans to focus on the activities/projects in the area of promotion of education, promoting health care including preventive health care, eradication of hunger, poverty and malnutrition and empowering women and children.

The role of the CSR Committee includes review of CSR Policy, recommendation of CSR activity/project and the amount of expenditure to be incurred thereon, formulation of transparent monitoring mechanism to ensure effective implementation of the project/programme/activity to be undertaken by the Company and monitor and implement CSR Policy from time to time. The Company has posted the CSR policy on its website and web link thereto is <http://www.jbcpl.com/investors/pdf/policy/Corporate-Social-Responsibility-Policy.pdf>.

Annual Report on CSR Activities:

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.	The Policy recognises CSR as a part of governance philosophy. The policy provides for undertaking any activity prescribed under Schedule VII to the Companies Act, 2013. Without limiting the aforesaid scope, the policy provides for undertaking activities/projects in the area of promotion of education, promoting health care including preventive health care, eradication of hunger, poverty and malnutrition and empowering women and children. The web link to the CSR Policy is http://www.jbcpl.com/investors/pdf/policy/Corporate-Social-Responsibility-Policy.pdf and CSR activities/projects for 2019-2020 is https://www.jbcpl.com/investors/pdf/2019_2020/list_of_csr_activities_during_fy_2019_20.pdf
2.	The Composition of the CSR Committee	Dr. Satyanarain Agarwala, Mr. Bharat P. Mehta and Mr. Pranabh Mody.
3.	Average net profit of the Company for last three financial years	₹ 22,117.80 lakhs
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 442.36 lakhs
5.	Details of CSR spent during the financial year	
	(a) Total amount to be spent for the financial year;	₹ 442.36 lakhs
	(b) Amount unspent, if any;	Nil
	(c) Manner in which the amount spent during the financial year is detailed below.	

DIRECTORS' REPORT (Contd.)

ANNEXURE - E (Contd.)

(₹ in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
			(1) Local area or other		(1) Direct expenditure on projects or programs		
			(2) Specify the State and district where projects or programs was undertaken				
1	Contribution to Ankleshwar Industrial Development Society for setting up of cancer radiation project at Jayaben Mody Hospital.	Promoting health care including preventive healthcare	Ankleshwar, District: Bharuch, Gujarat State	270.00	270.00 (1) 270.00 (2) Nil	270.00	Direct
2	Contribution to Shrimad Rajchandra Sarvamangal Trust towards setting up of new hospital for benefit of underprivileged people.	Promoting health care including preventive healthcare	Dharampur, District Valsad, Gujarat State	100.00	100.00 (1) 100.00 (2) Nil	100.00	Direct
3	Contribution for provision of free/subsidized treatment to needy kidney patients by Apex Kidney Foundation	Promoting health care including preventive healthcare	Mumbai, Maharashtra State	6.00	6.00 (1) 6.00 (2) Nil	11.00	Direct
4	Contribution for purchase of medical equipment for paediatric ward at KEM Hospital	Promoting health care including preventive healthcare	Mumbai, Maharashtra State	5.00	5.00 (1) 5.00 (2) Nil	5.00	Through Inner Wheel Club of Bombay Queen's Necklace
5	Contribution to Nana Palkar Smruti Samiti, Borivali unit, towards setting up of dialysis centre.	Promoting health care including preventive healthcare	Mumbai, Maharashtra State	10.00	10.00 (1) 10.00 (2) Nil	10.00	Direct
6	Construction of Wellness Centre (a primary health centre) at Nani Daman	Promoting health care including preventive healthcare	Nani Daman, Union Territory	21.40	21.40 (1) 21.40 (2) Nil	24.87	Direct
7	Contribution to Shikshan Prasarak Mandali, Pune	Promotion of education	Pune, Maharashtra State	5.00	5.00 (1) 5.00 (2) Nil	5.00	Direct

DIRECTORS' REPORT (Contd.)

ANNEXURE - E (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs	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 upto to the reporting period	Amount spent: Direct or through implementing agency
			(1) Local area or other				
8	Contribution towards scholarship to needy students for pursuing higher education.	Promotion of education	Surat Gujarat State	0.40	0.40 (1) 0.40 (2) Nil	0.40	Direct
9	Contribution to SPRJ Kanyashala Trust to support spread of the message of girl's education pan India.	Promotion of education	Mumbai, Maharashtra State	0.25	0.25 (1) 0.25 (2) Nil	0.25	Direct
10	Construction of traffic Island at Thana Pardi Road junction, Moti Daman	Promotion of education	Moti Daman, Union Territory	24.42	24.42 (1) 24.42 (2) Nil	34.80	Direct
	Total			442.47	442.47	461.32	

6. The Company has spent more than two percent of the average net profit of last three financial years.

The CSR Committee of the Company states that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

S. B. Mody
Whole time Director (Marketing)

Place : Mumbai
Date : June 25, 2020

Dr. Satyanarain Agarwala
Chairman, CSR Committee

Place : Mumbai
Date : June 23, 2020

DIRECTORS' REPORT (Contd.)

ANNEXURE - F1

FORM NO. AOC -2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014).

1. Details of contracts or arrangements or transactions not at arm's length basis.

Sr. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	Not Applicable
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts/arrangements/transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis.

Sr. No.	Particulars	1	2	3	4	5	6	7	8
a)	Name(s) of the related party & nature of relationship	OOO Unique Pharmaceutical Laboratories, Russia (OOO UPL) – Subsidiary	OOO Unique Pharmaceutical Laboratories, Russia (OOO UPL) – Subsidiary	Biotech Laboratories (Pty.) Ltd., South Africa (Biotech) – Subsidiary	Unique Pharmaceutical Laboratories Ltd. (UPLL) - a Company in which directors of the Company are directors and hold more than 2% of the paid up capital.	Unique Pharmaceutical Laboratories Ltd. (UPLL) - a Company in which directors of the Company are directors and hold more than 2% of the paid up capital.	Lekar Pharma Limited (LPL) - a Company in which directors of the Company hold more than 2% of the paid up capital.	Boxcare Packagings Private Limited - a Company in which relative of the Company's director is a director/ member	Jyotindra Mody Ventures LLP / D.B. Mody Enterprises LLP / Shirish Mody Property LLP – firm in which directors of the Company/their relatives are partners.
b)	Nature of contracts/ arrangements/ transactions	Supply Agreement	Marketing Services Agreement	Supply Agreement	^s Registered User Agreement/ License User Agreement	^s Trademarks Sale and Purchase Agreement	Distribution Contract	Vendor Agreement	Leave and license agreement
c)	Duration of the contracts/ arrangements/ transactions	5 years from January 1, 2018.	5 years from January 1, 2018.	Ongoing.	^s Terminated w.e.f 31-3-2020	One time	Ongoing	Ongoing	5 years from November 4, 2015

DIRECTORS' REPORT (Contd.)

ANNEXURE - F1 (Contd.)

Sr. No.	Particulars	1	2	3	4	5	6	7	8
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	<ul style="list-style-type: none"> The Company to manufacture and supply the products to OOO UPL for sale and distribution thereof by OOO UPL in Russia. The Company to undertake marketing of the products in Russian market. Price for the products to be determined mutually on case to case basis. <p>Total supplies during the year amounted to ₹ 5,806.10 lakhs.</p>	<ul style="list-style-type: none"> The Company to avail marketing services from OOO UPL. OOO UPL to execute marketing related services as communicated and approved by the Company. <p>Total marketing services fees paid during the year amounted to ₹ 2,843.40 lakhs.</p>	<ul style="list-style-type: none"> Biotech has been appointed as a distributor of various products of the Company for distribution in South Africa and certain other African counties. The products are supplied at price mutually agreed between the parties on case to case basis. <p>Total supplies during the year amounted to ₹ 4,939.91 lakhs.</p>	<ul style="list-style-type: none"> UPLL licensed use of certain brand names and 'Unique' Logo to the Company for use in the Company's business. The Company to pay royalty @ 1% for use of brand names and @1% for use of aforesaid logo, calculated in the manner laid down in the agreements. <p>Total royalty paid for the year was ₹ 1,120.13 lakhs.</p>	<ul style="list-style-type: none"> The Company agreed to purchase and UPLL agreed to sell entire portfolio of trademarks held by it to the Company. <p>Total consideration paid towards purchase of the Trademarks was ₹ 896.00 lakhs.</p>	<ul style="list-style-type: none"> Company to act as distributor of LPL products in domestic market. LPL to offer agreed discount to the Company. <p>Total purchases during the year amounted to ₹ 6,315.52 lakhs.</p>	<ul style="list-style-type: none"> Purchase by the Company of corrugated boxes of different sizes and specifications. <p>Total purchases during the year amounted to ₹ 1,427.85 lakhs.</p>	<ul style="list-style-type: none"> Licensors have granted license to use office premises at Prabhadevi, Mumbai for a period of five years. License fee payable monthly in advance Company to reimburse cost of utilities used. <p>Total license fee paid during the year was ₹ 783.30 lakhs.</p> <p>Total utilities charges reimbursed was ₹ 8.81 lakhs.</p>
e)	Date(s) of approval by the Board, if any.	*10/11/2017	10/11/2017	*19/11/2014	*19/11/2014	04/02/2020	*23/05/2017	*19/11/2014	*04/11/2015
f)	Amount paid as advances, if any	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

* Date of first approval of the contract/arrangement by the Audit Committee/Board. These contracts/ arrangements/ transactions are being reviewed and re-affirmed/approved by Audit Committee/Board on annual basis since then.

§ Upon purchase of trademarks portfolio from UPLL, Register User Agreement/ License User Agreement with UPLL stand terminated with effect from 31-03-2020.

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

Place : Mumbai
Date : June 25, 2020

DIRECTORS' REPORT (Contd.)

ANNEXURE - F2

Details of related party contracts or arrangements.

Name of the related party	Nature of the contract or arrangement	Duration of the contract or arrangement	Broad terms of the contract or arrangement	Justification for the contract or arrangement
Unique Pharmaceutical Laboratories FZE, Dubai (UPL FZE)	Guarantee Commission	5 years from September 23, 2015 ¹	<ul style="list-style-type: none"> Provision of corporate guarantee of USD 4 million to the Bank in relation to working capital finance sanctioned to UPL FZE by the Bank. Guarantee commission @ 0.50% p.a. Guarantee commission received for year was ₹ 4.53 lakhs. 	Support provided to UPL FZE for availing financial facility from bank at arm's length guarantee commission.
Biotech Laboratories (Pty.) Ltd., South Africa (Biotech)	Supply Agreement	Ongoing	<ul style="list-style-type: none"> Biotech has been appointed as a distributor of the Company for distribution of various products in South Africa and certain other African countries. The products are supplied at price mutually agreed between the parties on case-to-case basis. Total supplies by the Company during the year amounted to ₹ 4,939.91 lakhs. 	To increase Company's exports.
	Re-imbursment of expenses	Ongoing	<ul style="list-style-type: none"> Re-imbursment of expenses in the normal course of business. There was no such reimbursement during the year. 	This arrangement is in conformity with normal trade practice.
	Technical Services Agreement	Ongoing	<ul style="list-style-type: none"> The Company to provide technical services in the nature of preparation, conversion and uploading of product dossiers for Biotech into the system designed and approved by South African regulatory authority SAHPRA for management of product dossiers. Total fees received during the year amounted to ₹ 97.76 lakhs. 	To optimally utilise resources available within the Company.
OOO Unique Pharmaceutical Laboratories, Russia (OOO UPL)	Supply Agreement	5 years from January 1, 2018.	<ul style="list-style-type: none"> The Company to manufacture and supply the products to OOO UPL for sale and distribution thereof by OOO UPL in Russian market. Price for the products to be determined mutually on case-to-case basis. Marketing of the products in Russia to be carried out by the Company. Total supplies by the Company during the year amounted to ₹ 5,806.10 lakhs. 	The arrangement would facilitate sale and distribution of the products in Russian market.
	Marketing Services Agreement	5 years from January 1, 2018.	<ul style="list-style-type: none"> The Company to avail of marketing services from OOO UPL. OOO UPL to execute marketing related services as communicated and approved by the Company. Total marketing services fees paid during the year amounted to ₹ 2,843.40 lakhs. 	The arrangement is intended to facilitate focused marketing of the products in Russian market.
	Re-imbursment of expenses	Ongoing	<ul style="list-style-type: none"> Re-imbursment of expenses in the normal course of business. There was no such reimbursement during the year. 	This arrangement is in conformity with normal trade practice.

DIRECTORS' REPORT (Contd.)

ANNEXURE - F2 (Contd.)

Name of the related party	Nature of the contract or arrangement	Duration of the contract or arrangement	Broad terms of the contract or arrangement	Justification for the contract or arrangement
Lekar Pharma Limited (Lekar)	Distribution Agreement	Ongoing	<ul style="list-style-type: none"> Company to act as distributor of Lekar products in domestic market. Total purchases by the Company during the year amounted to ₹ 6,315.52 lakhs. 	Timely availability of quality products at competitive price for domestic market.
	Loan License Agreement	Ongoing	<ul style="list-style-type: none"> The Company to manufacture certain formulations on loan license basis for Lekar and supply certain raw material and packing materials at agreed processing charges/cost respectively. Total processing charges received by the Company amounted to ₹ 93.37 lakhs Total materials supplied to Lekar during the year amounted to ₹ 155.88 lakhs. 	Utilisation of available capacity at processing charges levied in line with industry-wide accepted formula and reasonable margin/ Sale of raw materials/ packing materials as a part of working capital management.
Unique Pharmaceutical Laboratories Limited (UPLL)	License Agreements for license of certain brands and logo to the Company ²	Ongoing ²	<ul style="list-style-type: none"> The Company was licensed the use of certain brand names and 'Unique' Logo by UPLL on payment of royalty @ 1% for use of brand names and @1% for use of aforesaid logo, calculated in the manner laid down in the agreements. Total royalty paid for the year was ₹ 1,120.13 lakhs. 	To be able to continue to market the products and grow the sales and profits.
	Trademarks Sale and Purchase Agreement	One-time	<ul style="list-style-type: none"> Pursuant to this agreement dated 4-2-2020, the Company has purchased entire trademarks portfolio for pharmaceutical products from UPLL at lump sum consideration of ₹ 850 lakhs (excluding GST). Company paid UPLL consideration of ₹ 896.00 lakhs on 31-3-2020 and have thus acquired proprietary interest in those marks. Registered User/License User agreement for use of certain trademarks and logo entered into with UPLL stand terminated. 	To streamline the brand ownership.
Jyotindra Family Trust	Leave and license agreement for various immovable properties ³	Period of 3 years ³	<ul style="list-style-type: none"> License fee payable monthly in advance and security deposit paid under certain agreements in line with market practice. Total license fee paid during the year was ₹ 37.51 lakhs. 	To continue to use the premises as residence/ office for the Company's executives at arm's length license fee.
Dinesh Family Trust	Leave and license agreement for residential premise at Bharuch, Gujarat	Period of 3 years from 1-11-2017	<ul style="list-style-type: none"> License fee payable monthly in advance and security deposit paid in line with market practice. Total license fee paid during the year was ₹ 8.35 lakhs. 	To continue to use the property as residential premises for Company's executives at arm's length license fee.
Shirish Family Trust	Leave and license agreement for residential premises at Bharuch, Gujarat	Period of 3 years from 1-11-2017	<ul style="list-style-type: none"> License fee payable monthly in advance and security deposit paid in line with market practice. Total license fee paid during the year was ₹ 8.35 lakhs. 	To continue to use property as residential premises for Company's executives at arm's length license fee.
D. B. Mody (HUF)	Leave and license agreement for various immovable properties ⁴	Period of 3 years ⁴	<ul style="list-style-type: none"> License fee payable monthly in advance and security deposit paid in line with market practice. Total license fee paid during the year was ₹ 29.16 lakhs. 	To continue to use the properties as Company's office premises at arm's length license fee.

DIRECTORS' REPORT (Contd.)

ANNEXURE - F2 (Contd.)

Name of the related party	Nature of the contract or arrangement	Duration of the contract or arrangement	Broad terms of the contract or arrangement	Justification for the contract or arrangement
S. B. Mody (HUF)	Leave and license agreement for various immovable properties ⁴	Period of 3 years ⁴	<ul style="list-style-type: none"> License fee payable monthly in advance and security deposit paid in line with market practice. Total license fee paid during the year was ₹ 29.16 lakhs. 	To continue to use the properties as Company's office premises at arm's length license fee.
Jyotindra Mody Ventures LLP / D.B. Mody Enterprises LLP / Shirish Mody Property LLP	Leave and license agreement for office premises at Prabhadevi, Mumbai	5 years from November 4, 2015	<ul style="list-style-type: none"> License fee payable monthly in advance and security deposit paid in line with market practice. Total license fee paid during the year was ₹ 783.30 lakhs (₹ 261.10 lakhs to each entity). Total reimbursement towards utilities used paid to Jyotindra Mody Ventures LLP was ₹ 8.81 lakhs. 	To use the premises as corporate office of the Company at arm's length license fee.
J. B. Mody Enterprises LLP / Dinesh Mody Ventures LLP / Shirish Mody Enterprises LLP	Leave and license agreement for office premises at Worli, Mumbai	Agreement terminated effective 01-12-2019.	<ul style="list-style-type: none"> License fee was payable monthly in advance and security deposit placed was in line with market practice. Total license fee paid during the year was ₹ 11.91 lakhs (₹ 3.97 lakhs paid to each entity). 	To use the property as Company's office at arm's length license fee.
Boxcare Packagings Private Limited	Vendor Agreement	Ongoing	<ul style="list-style-type: none"> Purchase by the Company of corrugated boxes of different sizes and specifications. Total purchases during the year amounted to ₹ 1,427.85 lakhs. 	Reliability in timely supply and boxes of required quality and specification at arm's length prices to serve domestic and export orders.
Namplas Chemicals Private Limited (Namplas)	Job Work Agreement for processing of intermediate by Namplas	This arrangement has since ended from March 2020.	<ul style="list-style-type: none"> Namplas processed intermediate Sodium Methoxide (25% in Methanol) on job work basis based on raw materials and gas provided by the Company. Total job work charges paid during the year was ₹ 22.79 lakhs. 	Processing at arm's length charges and supply of the processed material through pipeline resulting in optimisation in inventory holding and saving of transportation cost.
Bansi S. Mehta & Co.	Provision of professional services	One time	<ul style="list-style-type: none"> Availment of professional services in relation to arm's length study of royalty payments and valuation of brands portfolio of UPLL. Total fee paid during the year was ₹ 5.78 lakhs. 	Competent professional services.
Jay Bharat Mehta	Remuneration	Ongoing	<ul style="list-style-type: none"> Remuneration paid as an employee of the Company. Remuneration paid during 2019-20 was ₹ 195.45 lakhs. 	Remuneration paid as per remuneration policy.
Nirav Shirish Mody	Remuneration	Ongoing	<ul style="list-style-type: none"> Remuneration paid as an employee of the Company. Remuneration paid during 2019-20 was ₹ 195.45 lakhs. 	Remuneration paid as per remuneration policy.

¹ This corporate guarantee has been revoked effective 06-08-2019.

² Company has acquired entire trademarks portfolio of pharmaceutical products from UPLL. Consequently, these agreements now stand terminated w.e.f. 31-03-2020.

³ One leave and license agreement has been entered into in respect of office premises on 4th floor, Neelam Centre, Worli Mumbai (w.e.f. 1-6-2017), one leave and license agreement has been entered into in respect of office premises at basement, Neelam Centre, Worli, Mumbai (w.e.f. 15-11-2017) and one leave and license agreement has been entered into in respect of residential premise at Bharuch, Gujarat (w.e.f. 01-11-2017).

⁴ One leave and license agreement has been entered into in respect of office premises on 4th floor, Neelam Centre, Worli, Mumbai (w.e.f. 1-6-2017) and one leave and license agreement has been entered into in respect of office premises at basement, Neelam Centre, Worli, Mumbai (w.e.f. 15-11-2017).

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

Place : Mumbai

Date : June 25, 2020

DIRECTORS' REPORT (Contd.)

ANNEXURE - G

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

(i) The ratio of the remuneration of each executive director to the median remuneration of the employees of the Company:

Name	Designation	Remuneration for 2019-20 (₹ in lakhs)	% increase in remuneration of 2019-20	Ratio of remuneration paid in 2019-20 to median remuneration
Jyotindra B. Mody	Chairman & Managing Director	672.81	**10.00	277:1
*Dinesh B. Mody	Whole-time director (Administration)	*290.24	–	119:1
Shirish B. Mody	Whole-time director (Marketing)	672.81	**10.00	277:1
Bharat P. Mehta	Whole-time director (Planning & Development)	309.20	**10.00	127:1
Pranabh Mody	President & Whole-time director (Operations)	309.20	**10.00	127:1
Kamlesh L. Udani	Executive director (Technical & Production)	204.53	**12.50	84:1

*ceased to be director w.e.f. August 28, 2019 due to demise. Excludes retiral benefits.

** Mr. Jyotindra B. Mody and Mr. Shirish B. Mody opted for increment from 1-10-2019. While increment to Mr. Bharat P. Mehta / Mr. Pranabh Mody and Mr. Kamlesh L. Udani was given as per cycle starting from 1-4-2019 and 1-7-2019 respectively.

(ii) The non-executive directors were only paid sitting fees during the year for attending meetings of the Board and Committees thereof. The principles governing increase in the remuneration of executive directors and increase in sitting fees payable to non-executive directors, as per the Company's remuneration policy, are different. Further, the amount of sitting fees received by a non-executive director depends on (a) amount of sitting fee fixed by the Board for meetings of the Board and a particular Committee, and (b) number of meetings of the Board and Committee(s) thereof attended by him. Therefore, the information as to ratio of sitting fee paid to the median remuneration of employees and percentage increase in remuneration of non-executive directors is not relevant and meaningful. However, the said information is given here below:

Name of independent director	Sitting fees paid during 2019-20 (₹ in lakhs)	Sitting fees paid during 2018-19 (₹ in lakhs)	% increase in 2019-20 over 2018-19 ¹	Ratio of sitting fee paid during 2019-20 to median remuneration ¹
Dr. Satyanarain Agarwala	12.00	9.80	22.45	4.94:1
Mr. Rajiv C. Mody	6.60	4.80	37.50	2.72:1
Ms. Krupa R. Gandhi	9.00	9.00	–	3.70:1
Mr. Devang Shah	10.80	6.60	63.64	4.44:1
Mr. Shaukat Merchant	5.40	4.00	35.00	2.22:1
Dr. Manoj Mashru	5.00	5.00	–	2.06:1

¹Percentage increase in sitting fee and ratio of sitting fee to median remuneration would vary due to factors such as number of meetings held and attended during the year and number of committee positions held.

DIRECTORS' REPORT (Contd.)

ANNEXURE - G (Contd.)

(iii) Increase in remuneration of Chief Financial Officer and Company Secretary:

The increase in remuneration of Chief Financial Officer and Company Secretary during the year was 15.85% and 11.60% respectively.

(iv) The increase in the median remuneration of the employees in the financial year was 9.90%.

(v) As on March 31, 2020, the Company had 4,291 permanent employees on its rolls.

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

The average increase in the remuneration of employees (other than the managerial personnel) during 2019-20 was 10.01% as against the average increase of 10.50% given to managerial personnel. The average increase in remuneration of managerial personnel was based on their performance, performance of the Company and remuneration policy of the Company. There were no exceptional circumstances for increase in their remuneration.

(vii) It is affirmed that the remuneration of the directors and employees of the Company is as per remuneration policy of the Company.

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

Place : Mumbai

Date : June 25, 2020

DIRECTORS' REPORT (Contd.)

ANNEXURE - H

Information as per Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended on March 31, 2020.

(a) Name & age (years) (b) Designation (c) Gross remuneration received (Rs.) (d) Qualification(s) & experience (years) (e) Date of commencement of employment (f) Last employment held before joining the Company

(a) Bang B. Parmeshwar (52) (b) Vice President (c) 10,674,744 (d) M. Pharm, D.B.M. (26) (e) 28.08.2003 (f) Ankur Drugs & Pharma Ltd.-General Manager (a) Dhanani B. Bharat (51) (b) General Manager (Production) (c) 10,312,468 (d) B. Pharm (26) (e) 12.10.2010 (f) Famycare Ltd.- General Manager. (a) Joshi M.D. (Dr.) (56) (b) President-Global Regulatory Management (c) 19,626,915 (d) M.Sc., Ph.D. (34) (e) 07.12.1989 (f) Adonis Labs Private Limited-Executive Quality Assurance (a) Mehta B.P. (72) (b) Whole time director (Planning & Development) (c) 30,919,524 (d) B.Sc. (49) (e) 01.01.1977 (f) Unique Pharma Labs.-Production Manager (a) Mehta J.B. (42) (b) President - Global Business (Russia CIS) & CRAMS (c) 19,549,050 (d) B.Sc. (Chem. Engg.) (15) (e) 01.10.2004 (f) Allergan Pharmaceuticals-Research Project-In charge (a) *Mody D.B. (83) (b) Whole-time director (Administration) (c) *29,023,567 (d) Exp. in Admn. (65) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.-Whole-time director (Administration) (a) Mody J.B. (91) (b) Managing Director (c) 67,280,613 (d) Inter Sc. (69) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.-Managing Director (a) Mody N.S. (39) (b) President-Global Business & Business Development (c) 19,549,050 (d) B.Sc. in Business Admn. (15) (e) 13.07.2004 (f) Rodman & Renshaw-Equity Research Analyst (a) Mody P.D. (56) (b) President & Whole time director (Operations) (c) 30,919,525 (d) B. Pharm., M.B.A. (USA) (33) (e) 25.06.1987 (f) First employment (a) Mody S.B. (79) (b) Whole time director (Marketing) (c) 67,280,613 (d) B.Sc. (Tech.) (60) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.- Director-Technical (a) Singh P.K. (56) (b) President (Global Business) (c) 18,301,598 (d) M. Pharm (33) (e) 01.12.2001 (f) Coral Laboratories-General Manager (International Division) (a) Sachi Savya (57) (b) President (Domestic Business Unit) (c) 14,058,600 (d) LLB, Diploma in Business Management (33) (e) 17.02.2012 (f) Dr. Reddy's Laboratories Ltd.- Director Marketing (a) Udani K.L. (66) (b) Executive Director (Technical & Production) (c) 20,453,131 (d) B.E. (Elect.), M.B.A. (40) (e) 01.02.2001 (f) Unique Pharmaceutical Laboratories Ltd.-Managing Director.

Notes: (1) The nature of employment of the above employees is contractual in nature. The other terms and conditions of each of the above are as per the contract/letter of appointment and rules of the Company. (2) Mr. J.B. Mody, Late Mr. D.B. Mody and Mr. S.B. Mody are related to each other as brother. Mr. P.D. Mody is son of Late Mr. D. B. Mody. Mr. N.S. Mody is son of Mr. S. B. Mody. Mr. B.P. Mehta is son-in-law of Mr. J.B. Mody and Mr. J.B. Mehta is son of Mr. B.P. Mehta.

*Employment of Mr. D. B. Mody was for part of the year due to his demise on 28-08-2019. Remuneration figure does not include amount of gratuity as gratuity trust of the Company paid the same.

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

Place : Mumbai
Date : June 25, 2020

DIRECTORS' REPORT (Contd.)

ANNEXURE - I

Disclosure of details in respect of Company's Employee Stock Option Plan.

		Year of Grant		
		2004	2005	2006
(a)	Options granted	475,000	563,240	547,000
(b)	Exercise price	63	84	95
(c)	Options vested	475,000	563,240	547,000
(d)	Options exercised	271,800	204,250	148,925
(e)	The total number of shares arising as a result of exercise of option	271,800	204,250	148,925
(f)	Options lapsed	203,200	358,990	398,075
(g)	Variation of terms of options	Not Applicable	Not Applicable	Not Applicable
(h)	Money realised by exercise of options	17,123,400	17,157,000	14,147,875
(i)	Total number of options in force	Nil	Nil	Nil
(j)	Employee wise details of options granted to:			
	(i) Key Managerial Personnel;	Nil		
	(ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year;	No employee has received a grant in any one year of option amounting to 5% or more of option granted during that year.		
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital of the Company at the time of grant.	No employee has been granted options equal to or exceeding 1% of the issued capital of the Company in any year.		

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

Place : Mumbai

Date : June 25, 2020

DIRECTORS' REPORT (Contd.)

ANNEXURE - J

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY DEVELOPMENTS

The domestic formulations industry at sales of over ₹150,153 crores (IQVIA, March, MAT 2020) achieved value growth of 11%. The market continues to show intense competition with an increased number of brands being launched in the market. During the year, Government of India adopted policy of restricting export of certain APIs and its formulations to ensure adequate availability of such drug in the country. Such restriction also included Metronidazole, Paracetamol, and their formulations, which have since been made free.

OPPORTUNITIES & THREATS AND SEGMENTS WISE PERFORMANCE

Domestic Business:

The Company is engaged in only one segment viz. pharmaceuticals.

The domestic formulations industry has been growing well for last several years and the growth prospects going forward appear intact. The outlook for the industry and growth expectations remain positive in view of increased spending on healthcare. The per capita consumption of drugs is on increase due to spurt in chronic diseases coupled with increase in literacy rate, increase in per capita income, improved healthcare access, increasing market penetration and increasing health awareness. All these are expected to continue to create growth opportunity in coming years. The brand building, new products introductions, product awareness programmes and penetration in Tier II and Tier III markets will remain growth enablers. For the Company, the domestic formulations business is a focus area and has been consistently growing at better than industry growth rate in last several years. In view of good long-term growth prospects offered by the domestic industry and the Company's strengths in this business, the Company believes it has good growth potential in this business.

During the year, domestic formulations business at sales of ₹ 735.68 crores achieved growth of 18.2% against industry growth of 11%. Increased penetration of key brands in the market on the back of divisionalised approach coupled with scientific promotion of the products and intensive training helped achieve the growth. Increase in the size of field force and creation of four divisions in the domestic formulations business has helped in achieving right focus on the products and deeper penetration in the market. The field force size as at the year-end was over 2,100.

The Company's leading brands Cilacar (calcium channel blocker), Rantac (anti-peptic ulcerant), Nicardia (calcium

channel blocker) and Metrogyl (amoebicides) continued to grow during the year. These four brands feature in top 130 brands in unit terms (IQVIA, March, 2020). The Company's cardiac range of products at combined sales of ₹ 317.99 crores achieved 27.84% growth. The sustained promotional efforts resulted in increase in contribution of chronic range of products.

The controversy around presence of impurity, N-nitrosodimethylamine (NDMA), in active pharmaceutical ingredient (API) Ranitidine affected sales of Company's product Rantac in second half of the year. API vendors of the Company have ensured that Ranitidine supplied by them meets the international guidelines related to the presence of NDMA and is well within the acceptable limits.

The Company has taken steps to ensure that the NDMA in the formulation is within the acceptable limits. As a responsible manufacturer, the Company continues to manufacture Rantac that complies with all the standards set by the Drugs Controller General of India. The Company shall continue to take all steps necessary for patient's safety.

During the year, the Company launched six new products across anti-hypertensive and GI segments.

The Company's contrast media division at sales of ₹ 61.45 crores achieved growth of 18%. The Company's new product Gadotrast injection, a next generation macrocyclic MRI contrast agent has performed well in the market. The Company's ultrasound contrast media product Definity™, which is used in examining the functioning of vital organs such as heart, kidney and liver, has also received a good response in the market.

The rising costs and price control for some products remain a concern. However, the Company is hopeful of growing the business in this segment.

International business:

Wide geographical presence in international market, increased focus on ANDA filings, focus on new products introduction in Russia-CIS market, focus on lucrative contract manufacturing business backed by State-of-the-art manufacturing facilities with approval from health authorities such as US FDA, UK MHRA, TGA Australia, EU GMP, SAHPRA South Africa, MoH-Russia, Ukraine (PICs) and wide range of products across injectable, solid and semi-solid present a good opportunity in international business.

The Company's overall formulations exports during the year at ₹ 711.32 crores were 3.6% higher over the previous year.

DIRECTORS' REPORT (Contd.)

ANNEXURE - J (Contd.)

Exports to Rest of the World markets (other than Russia-CIS) at ₹ 502.15 crores achieved growth of 3.6%. Lower exports to US market and lower off-take by certain customers in contract manufacturing business affected the performance. ANDA products and contract manufacturing business continue to remain focus area. Exports to Russia-CIS markets at ₹ 125.61 crores registered growth of 9.7%. Lockdown in many international markets as well as restriction on export of Metronidazole and Paracetamol formulations in Q4 due to COVID-19 affected Company's exports.

API exports were lower as Company's major customer for Diclofenac Sodium has undertaken the process of change in marketing authorisation to designate the Company's site as approved source for purchase of various salts of Diclofenac Sodium. This process is still likely to take 12 to 18 months to complete.

The Company perceives currency volatility, increased competition in generics business, price erosion and changing regulatory environment as a major concern in the international business.

OUTLOOK

In view of good business outlook both in domestic and international market as outlined above, the Company's manufacturing infrastructure of international standard, strong products portfolio with high growth brands, strong marketing capability and strong balance sheet present good outlook for the Company's business.

RISKS AND CONCERNS

Your Company does not perceive any risks or concerns other than those that are common to the industry such as regulatory risks, exchange risk, cyber risks and other commercial and business related risks.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an adequate system of internal controls, which ensures that its assets are protected from loss and unauthorized use as well as business affairs are carried out in accordance with established procedures. These systems of internal controls also ensure that transactions are carried out based on authority and are recorded and reported in line with generally accepted accounting principles. The Company also has a system of regular internal audit carried out by competent professionals retained by the Company. The internal audit programme is approved by the Audit Committee, and findings of the internal auditor are placed before the Audit Committee and the Board at regular interval. The internal control system is adequate keeping in view size and nature of the Company's business.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Standalone financial performance of the Company with respect to operational performance for the year is as under:

Parameter	2019-20 (₹ in crores)	2018-19 (₹ in crores)	Growth (%)
Revenue from operations	1,640.74	1,501.19	9.30
Total income	1,690.09	1,541.41	9.65
EBIT	303.15	233.62	29.77
EBITDA	368.24	288.44	27.67
PBT before exceptional item	349.56	269.28	29.82
PAT	263.08	182.06	44.50

Improvement in EBITDA was due to favourable product-mix and cost optimisation. Exceptional item is a provision of ₹ 10 crores made for deposit of compensation as per judgement of Supreme Court dated 1-4-2020. Improvement in PAT was aided by lower income tax rate of 22% opted by the Company as provided under Taxation Laws (Amendment) Ordinance 2019. Effective rate of tax has reduced to 25.17% against 34.32%.

Consolidated financial performance of the Group with respect to operational performance for the year is as under:

Parameter	2019-20 (₹ in crores)	2018-19 (₹ in crores)	Growth (%)
Revenue from operations	1,774.73	1,643.20	8.00
Total income	1,825.40	1,684.64	8.36
EBIT	311.25	250.20	24.40
EBITDA	377.57	305.84	23.45
PBT before exceptional item	358.89	286.99	25.05
PAT	272.39	193.46	40.80

Sales of South African subsidiary Biotech Laboratories (Pty.) Ltd. for the year at ZAR 352.1 million registered increase of 6.10%, while its EBITDA at ZAR 21.90 million was 23.50% lower than the previous year. Sales of Russian subsidiary OOO Unique Pharmaceutical Laboratories for the year at Ruble 708 million were 13% higher, while its EBITDA at Ruble 14.50 million was 51.60% lower.

DIRECTORS' REPORT (Contd.)

ANNEXURE - J (Contd.)

HUMAN RESOURCE

There has been no material development on human resources and industrial relations front. The relationship with employees and workers continued to be cordial at all levels. As on March 2020, permanent employees strength and temporary employees strength was 4,291 and 495 respectively.

KEY FINANCIAL RATIOS

The key financial ratio for 2019-20 and changes therein as compared to the immediately preceding financial year along with detailed explanation in cases where the change is 25% or more is as under:

- a) Debtors Turnover ratio: Net Credit Sales/Average account receivable
This ratio for the year was 4.99 (times) as against 4.87 (times) in the previous year.
- b) Inventory Turnover ratio: Cost of Goods sold/Average inventory
This ratio for the year was 2.59 (times) as against 2.80 (times) in the previous year.
- c) Interest Coverage ratio: *EBITDA/Interest Payment
This ratio for the year was 142.27 (times) as against 71.99 (times) in the previous year. This ratio improved due to higher margins due to favourable product-mix and cost optimisation during the year on one hand and relatively lower interest outgo on the other.
* Other income included for the purpose of this ratio.
- d) Current Ratio: Current assets/Current liabilities
This ratio for the year was 3.44 (times) as against 4.31 (times) in the previous year.
- e) Debt-Equity ratio: Total Debt/Shareholders' Equity
This ratio for the year was 0.022:1 (times) as against 0.017:1 (times) in the previous year. The ratio is much

lower than the standard norm. The change in ratio resulted due to reduction in Shareholders' equity due to buy-back and payment of dividend on one hand and additional borrowing in the form of export packing credit.

- f) Operating Profit Margin: EBIT/Sales
Operating profit margin for the year was 18.87% as against 15.95% in the previous year.
- g) Net Profit Margin: Net Profit/Sales
Net profit margin (excluding other income) for the year was 13.31% as against 9.99% in the previous year. The net profit margin improved mainly due to higher margins on account of favourable product mix, cost optimisation as well as adoption of lower rate of income tax announced by the Government.

The ratio for the previous year has been re-stated wherever necessary to make it comparable to current year ratio.

RETURN ON NET WORTH

This financial performance is calculated by dividing net income by shareholders' equity. Return on Net worth or Return on Equity during the year was 17.96% as against 12.41% in the previous year. This return improved during the year mainly due to (a) the reasons stated above for improvement in net profit margin (b) higher other income, and (c) reduction in average shareholders' equity due to buy-back of shares/payment of dividend.

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

Place : Mumbai
Date : June 25, 2020

DIRECTORS' REPORT (Contd.)

ANNEXURE - K

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 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.

I. REGISTRATION & OTHER DETAILS

i	CIN	L24390MH1976PLC019380
ii	Registration Date	18-12-1976
iii	Name of the Company	J. B. Chemicals & Pharmaceuticals Ltd.
iv	Category/Sub-category of the Company	Public Company/ Limited by shares
v	Address of the Registered office & contact details	Neelam Centre, "B" Wing, 4 th Floor, Hind Cycle Road, Worli, Mumbai, Maharashtra : 400 030 Tel No. (022) 2439 5200/ 2439 5500 Fax : (022) 2431 5334/ 2431 5331 email : secretarial@jbcpl.com
vi	Whether listed Company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Datamatics Business Solutions Ltd. Plot No. B-5, Part – B, Cross Lane, M.I.D.C., Andheri (E), Mumbai 400 093. Tel No. (022) 6671 2001-06 Fax : (022) 6671 2011 email : satish_patil@datamaticsbpm.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activity contributing 10% or more of the total turnover of the Company is given below

Sl. No	Name and description of main products	NIC Code of the Product	% to total turnover of the Company
1	Manufacture of pharmaceutical products	2100	81.34%
2	Trading in pharmaceutical products	46497	16.95%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	OOO Unique Pharmaceutical Laboratories 127944, Moscow, Tverskaya Str., 18, bldg. 1, office 609.	N.A.	Subsidiary	100%	2(87)
2	Unique Pharmaceutical Laboratories FZE Office#1116, Business Centres World Building JAFZA ONE, 11 th Floor, Jebel Ali Freezone P.O Box: 262327, Dubai, United Arab Emirates.	N.A.	Subsidiary	100%	2(87)
3	Biotech Laboratories (Pty) Ltd. Block K West, Central Park, 400 16 th Street, Randjespark, Midrand 1685 South Africa.	N.A.	Subsidiary	95.24%	2(87)

DIRECTORS' REPORT (Contd.)

ANNEXURE - K (Contd.)

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Category-wise Shareholding

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individual/HUF	44,092,733	0	44,092,733	54.95	42,603,482	0	42,603,482	55.13	0.18
b)	Bodies Corporate	126,681	0	126,681	0.16	122,622	0	122,622	0.16	0.00
c)	Any other : Firms and Trusts	497,251	0	497,251	0.62	480,618	0	480,618	0.62	0.00
	SUB TOTAL (A) (1)	44,716,665	0	44,716,665	55.73	43,206,722	0	43,206,722	55.91	0.18
(2)	Foreign									
a)	NRI- Individuals	234,097	0	234,097	0.29	0	0	0	0	(0.29)
	SUB TOTAL (A) (2)	234,097	0	234,097	0.29	0	0	0	0	(0.29)
	Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	44,950,762	0	44,950,762	56.02	43,206,722	0	43,206,722	55.91	(0.11)
B.	PUBLIC SHAREHOLDING									
(1)	Institutions									
a)	Mutual Funds	9,981,018	1,050	9,982,068	12.44	10,180,164	1,050	10,181,214	13.17	0.73
b)	Banks/FI	55,397	2,000	57,397	0.07	15,897	2,000	17,897	0.02	(0.05)
c)	Insurance Companies	834,442	1,500	835,942	1.05	162,614	1,500	164,114	0.21	(0.84)
d)	FPIs	4,286,030	0	4,286,030	5.34	5,546,536	0	5,546,536	7.18	1.84
e)	Alternate Investment Funds	1,813,193	0	1,813,193	2.26	892,153	0	892,153	1.15	(1.11)
	SUB TOTAL (B)(1)	16,970,080	4,550	16,974,630	21.16	16,797,364	4,550	16,801,914	21.74	0.58
(2)	Non-Institutions									
a)	Bodies corporate:									
i)	Indian	927,971	7,696	935,667	1.17	735,643	5,326	740,969	0.96	(0.21)
b)	Individuals:									
(i)	Individual shareholders holding nominal share capital upto ₹1 lakh	14,079,989	955,347	15,035,336	18.74	13,283,801	805,171	14,088,972	18.23	(0.51)
(ii)	Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	1,045,344	0	1,045,344	1.30	1,129,161	0	1,129,161	1.46	0.16
c)	Others:									
(i)	Non Resident Indians & Foreign National	1,016,833	6,200	1,023,033	1.27	1,054,948	6,200	1,061,148	1.37	0.10
(ii)	NBFC registered with RBI	23,630	0	23,630	0.03	275	0	275	0.00	(0.03)
(iii)	Trusts, Clearing Member & Foreign National	91,597	0	91,597	0.11	70,832	0	70,832	0.09	(0.02)
(iv)	Investor Education & Protection Fund Authority	156,643	0	156,643	0.20	182,104	0	182,104	0.24	0.04
	SUB TOTAL (B)(2)	17,342,007	969,243	18,311,250	22.82	16,456,764	816,697	17,273,461	22.35	(0.47)
	Total Public Shareholding (B)= (B)(1)+(B)(2)	34,312,087	973,793	35,285,880	43.98	34,075,375	821,247	34,075,375	44.09	0.11
C.	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	79,262,849	973,793	*80,236,642	100	76,460,850	821,247	*77,282,097	100	-

* The difference in equity shares is due to buy-back of 2,954,545 equity shares on proportionate basis through tender offer in accordance with provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.

DIRECTORS' REPORT (Contd.)

ANNEXURE - K (Contd.)

ii) SHAREHOLDING OF PROMOTERS

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Jyotindra B. Mody	5,111,209	6.37	0	4,943,445	6.40	0	0.03
2	Dinesh Bhagwanlal Mody	4,508,669	5.62	0	0.00	0.00	0	(5.62)
3	Dinesh B. Mody/ Kumud D. Mody	279	0.00	0	0.00	0.00	0	0.00
4	Shirish Bhagwanlal Mody	4,594,425	5.73	0	4,443,623	5.75	0	0.02
5	Shirish B. Mody/ Bharati S. Mody	216,508	0.27	0	209,402	0.27	0	0.00
6	Kumud Dinesh Mody	4,505,288	5.62	0	4,453,914	5.76	0	0.14
7	Kumud D. Mody/ Dinesh B. Mody	99,777	0.12	0	0.00	0.00	0	(0.12)
8	Bharati S. Mody/ Shirish B. Mody	209,129	0.26	0	202,265	0.26	0	0.00
9	Bharati S. Mody	4,513,022	5.63	0	4,364,892	5.65	0	0.02
10	Pallavi Bharat Mehta	4,652,992	5.80	0	4,500,268	5.82	0	0.02
11	Pallavi B. Mehta/ Bharat P. Mehta	295,804	0.37	0	286,095	0.37	0	0.00
12	Pranabh Dinesh Mody	4,531,708	5.65	0	4,465,788	5.78	0	0.13
13	Pranabh Dinesh Mody/ Dinesh B. Mody	85,633	0.11	0	0.00	0.00	0	(0.11)
14	Pranabh Dinesh Mody/ Sejal P. Mody	83,088	0.10	0	2,880,671	3.73	0	3.63
15	Sejal Pranabh Mody/ Pranabh D. Mody	47,574	0.06	0	46,013	0.06	0	0.00
16	Nirav Shirish Mody	4,535,164	5.65	0	4,386,307	5.68	0	0.03
17	Nirav Shirish Mody/ Shirish B. Mody	207,897	0.26	0	201,074	0.26	0	0.00
18	Jinali Pranabh Mody	2,856	0.00	0	2,763	0.00	0	0.00
19	Purvi Uday Asher/ Uday M. Asher	356,802	0.44	0	345,091	0.45	0	0.01
20	Purvi Uday Asher/ Sharan U. Asher	0	0.00	0	1,560,642	2.02	0	2.02
21	Jay Bharat Mehta	2,337,343	2.91	0	2,260,625	2.93	0	0.02
22	Jay Bharat Mehta/ Shilpi Jay Mehta	1,951	0.00	0	1,887	0.00	0	0.00
23	D B Mody HUF (held by Dinesh Bhagwanlal Mody/ Jyotindra B. Mody)	478,115	0.60	0	0.00	0.00	0	(0.60)
24	D B Mody HUF (held by Jyotindra B. Mody)	0	0.00	0	462,422	0.60	0	0.60
25	Uday M. Asher/ Purvi U. Asher	115,034	0.14	0	111,259	0.14	0	0.00
26	Uday Madhavdas Asher	13,417	0.02	0	12,977	0.02	0	0.00
27	Priti Rajen Shah	9,516	0.01	0	9,204	0.01	0	0.00
28	Bharat P. Mehta/ Pallavi B. Mehta	163,473	0.20	0	158,108	0.20	0	0.00
29	Bharat P. Mehta	2,364,927	2.95	0	2,287,304	2.96	0	0.01
30	Anupam Pravinchandra Mehta	1,000	0.00	0	1,000	0.00	0	0.00

DIRECTORS' REPORT (Contd.)

ANNEXURE - K (Contd.)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
31	P D Mody HUF (held by Karta P D Mody)	6,661	0.01	0	6,443	0.01	0	0.00
32	Mody Bros. (held by Jyotindra B. Mody/ Dinesh B. Mody/ Pranabh D. Mody)	18,198	0.02	0	17,517	0.02	0	0.00
33	Mody Trading Co. (held by Pallavi Bharat Mehta/ Dinesh B. Mody/ Bharati S. Mody)	50,891	0.06	0	48,991	0.06	0	0.00
34	Priti Family Trust (held by Nirav Shirish Mody/ Shirish B. Mody - Trustees)	214,081	0.27	0	207,055	0.27	0	0.00
35	Deepali Family Trust (held by Nirav Shirish Mody/ Shirish B. Mody - Trustees)	214,081	0.27	0	207,055	0.27	0	0.00
36	Synit Drugs Pvt. Ltd.	715	0.00	0	500	0.00	0	0.00
37	Namplas Chemicals Pvt. Ltd.	117,136	0.15	0	113,292	0.15	0	0.00
38	Boxcare Packagings Pvt. Ltd.	8,830	0.01	0	8,830	0.01	0	0.00
39	*Vibha Anupam Mehta/ Anupam P. Mehta	1,000	0.00	0	0.00	0.00	0	0.00
40	*Ila Dipak Parekh/ Dipak Hiralal Parekh	8,380	0.01	0	0.00	0.00	0	(0.01)
41	*Bharat K. Doshi	5,402	0.01	0	0.00	0.00	0	(0.01)
42	*Nitin Chandra Doshi	221,735	0.28	0	0.00	0.00	0	(0.28)
43	*Nisha Divyesh Shah	19,160	0.02	0	0.00	0.00	0	(0.02)
44	*Nisha Divyesh Shah/ Divyesh Shantilal Shah	3,595	0.00	0	0.00	0.00	0	0.00
45	*Bhakti Ashok Patel	6,460	0.01	0	0.00	0.00	0	(0.01)
46	*Bhakti Ashok Patel/ Ashok Nandlal Patel	500	0.00	0	0.00	0.00	0	0.00
47	*Pallavi Suketu Shah	11,337	0.01	0	0.00	0.00	0	(0.01)
TOTAL		44,950,762	56.02	0	43,206,722	55.91	0	(0.11)

Note : *Members of the Promoter Group of the Company have been re-classified as public shareholders vide approval letters dated November 27, 2019 received from BSE Limited and National Stock Exchange of India Limited respectively.

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sl. No.	Shareholding at the beginning of the Year		Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
	No. of Shares	% of total shares of the Company	No of shares	% of total shares of the Company
At the beginning of the year	44,950,762	56.02		
Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus /sweat equity etc.)			refer Note	
At the end of the year	43,206,722	55.91		

DIRECTORS' REPORT (Contd.)

ANNEXURE - K (Contd.)

Note: The details of Increase/ decrease in shareholding in respect of members in Promoter group are as under.

Sl. No.	Name	Shareholding		Date	Increase (Decrease) in Share holding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019)/ at the end of the year (31-03-2020)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Jyotindra B. Mody	5,111,209	6.37	01-04-2019		Shares accepted under buy-back by the Company	4,943,445	6.40
		4,943,445	6.40	08-01-2020	(167,764)			
				31-03-2020				
2	Dinesh Bhagwanlal Mody	4,508,669	5.62	01-04-2019		Transmitted to nominee	0	0.00
				05-10-2019	(4,508,669)			
		0	0.00	31-03-2020				
3	Dinesh B. Mody/ Kumud D. Mody	279	0.00	01-04-2019		Transmitted to nominee	0	0.00
				28-09-2019	(279)			
		0	0.00	31-03-2020				
4	Shirish Bhagwanlal Mody	4,594,425	5.73	01-04-2019		Shares accepted under buy-back by the Company	4,443,623	5.75
				08-01-2020	(150,802)			
		4,443,623	5.75	31-03-2020				
5	Shirish B. Mody/ Bharati S. Mody	216,508	0.27	01-04-2019		Shares accepted under buy-back by the Company	209,402	0.27
				08-01-2020	(7,106)			
		209,402	0.27	31-03-2020				
6	Kumud Dinesh Mody	4,505,288	5.62	01-04-2019		Off-market transfer within Accounts	4,605,065	5.74
				27-09-2019	99,777			
				28-09-2019	279			
				05-10-2019	4,508,669			
				31-10-2019	(4,508,948)			
7	Kumud D. Mody/ Dinesh B. Mody			08-01-2020	(151,151)	Shares accepted under buy-back by the Company	4,453,914	5.76
		4,453,914	5.76	31-03-2020				
7	Kumud D. Mody/ Dinesh B. Mody	99,777	0.12	01-04-2019		Off-market transfer to single holding	0	0.00
				27-09-2019	(99,777)			
		0	0.00	31-03-2020				
8	Bharati S. Mody/ Shirish B. Mody	209,129	0.26	01-04-2019		Shares accepted under buy-back by the Company	202,265	0.26
				08-01-2020	(6,864)			
		202,265	0.26	31-03-2020				
9	Bharati S. Mody	4,513,022	5.62	01-04-2019		Shares accepted under buy-back by the Company	4,364,892	5.65
				08-01-2020	(148,130)			
		4,364,892	5.65	31-03-2020				

DIRECTORS' REPORT (Contd.)

ANNEXURE - K (Contd.)

Sl. No.	Name	Shareholding		Date	Increase (Decrease) in Share holding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019)/ at the end of the year (31-03-2020)	% of total shares of the Company				No. of shares	% of total shares of the Company
10	Pallavi Bharat Mehta	4,652,992	5.80	01-04-2019	(152,724)	Shares accepted under buy-back by the Company	4,500,268	5.82
		4,500,268	5.82	08-01-2020				
				31-03-2020				
11	Pallavi B. Mehta/ Bharat P. Mehta	295,804	0.37	01-04-2019	(9,709)	Shares accepted under buy-back by the Company	286,095	0.37
				08-01-2020				
		286,095	0.37	31-03-2020				
12	Pranabh Dinesh Mody	4,531,708	5.65	01-04-2019	85,633	Off-market transfer within Accounts	4,617,341	5.75
				21-11-2019	(151,553)	Shares accepted under buy-back by the Company	4,465,788	5.78
		4,465,788	5.78	08-01-2020				
13	Pranabh Dinesh Mody/ Dinesh B. Mody	85,633	0.11	01-04-2019	(85,633)	Off-market transfer within Accounts	0	0.00
				21-11-2019				
		0	0.00	31-03-2020				
14	Pranabh Dinesh Mody/ Sejal P. Mody	83,088	0.10	01-04-2019	2,895,343	Shares received on transmission	2,978,431	3.71
				31-10-2019	(97,760)	Shares accepted under buy-back by the Company	2,880,671	3.73
		2,880,671	3.73	08-01-2020				
15	Sejal Pranabh Mody/ Pranabh D. Mody	47,574	0.06	01-04-2019	(1,561)	Shares accepted under buy-back by the Company	46,013	0.06
				08-01-2020				
		46,013	0.06	31-03-2020				
16	Nirav Shirish Mody	4,535,164	5.65	01-04-2019	(148,857)	Shares accepted under buy-back by the Company	4,386,307	5.68
				08-01-2020				
		4,386,307	5.68	31-03-2020				
17	Nirav Shirish Mody/ Shirish B. Mody	207,897	0.26	01-04-2019	(6,823)	Shares accepted under buy-back by the Company	201,074	0.26
				08-01-2020				
		201,074	0.26	31-03-2020				
18	Jinali Pranabh Mody	2,856	0.00	01-04-2019	(93)	Shares accepted under buy-back by the Company	2,763	0.00
				08-01-2020				
		2,763	0.00	31-03-2020				
19	Purvi Uday Asher/ Uday M. Asher	356,802	0.44	01-04-2019	(11,711)	Shares accepted under buy-back by the Company	345,091	0.45
				08-01-2020				
		345,091	0.45	31-03-2020				

DIRECTORS' REPORT (Contd.)

ANNEXURE - K (Contd.)

Sl. No.	Name	Shareholding		Date	Increase (Decrease) in Share holding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019)/ at the end of the year (31-03-2020)	% of total shares of the Company				No. of shares	% of total shares of the Company
20	Purvi Uday Asher/ Sharan U. Asher	0	0.00	01-04-2019				
				31-10-2019	1,613,605	Shares received on transmission	1,613,605	2.01
				08-01-2020	(52,963)	Shares accepted under buy-back by the Company	1,560,642	2.02
		1,560,642	2.02	31-03-2020				
21	Jay Bharat Mehta	2,337,343	2.91	01-04-2019		Shares accepted under buy-back by the Company		
				08-01-2020	(76,718)		2,260,625	2.93
		2,260,625	2.93	31-03-2020				
22	Jay Bharat Mehta/ Shilpi Jay Mehta	1,951	0.00	01-04-2019		Shares accepted under buy-back by the Company		
				08-01-2020	(64)		1,887	0.00
		1,887	0.00	31-03-2020				
23	D B Mody HUF (held by Dinesh Bhagwanlal Mody/ Jyotindra B. Mody)	478,115	0.60	01-04-2019		Off-market transfer to Account of Joint holder		
		0	0.00	21-11-2019	(478,115)		0	0.00
24	D B Mody HUF (held by Jyotindra B. Mody)	0	0.00	01-04-2019				
				21-11-2019	478,115	Off-market transfer	478,115	0.60
				08-01-2020	(15,693)	Shares accepted under buy-back by the Company	462,422	0.60
		462,422	0.60	31-03-2020				
25	Uday M. Asher/ Purvi U. Asher	115,034	0.14	01-04-2019		Shares accepted under buy-back by the Company		
				08-01-2020	(3,775)		111,259	0.14
		111,259	0.14	31-03-2020				
26	Uday Madhavdas Asher	13,417	0.02	01-04-2019		Shares accepted under buy-back by the Company		
				08-01-2020	(440)		12,977	0.02
		12,977	0.02	31-03-2020				
27	Priti Rajen Shah	9,516	0.01	01-04-2019		Shares accepted under buy-back by the Company		
				08-01-2020	(352)		9,204	0.01
		9,204	0.01	31-03-2020				
28	Bharat P. Mehta/ Pallavi B. Mehta	163,473	0.20	01-04-2019		Shares accepted under buy-back by the Company		
				08-01-2020	(5,365)		158,108	0.20
		158,108	0.20	31-03-2020				
29	Bharat P. Mehta	2,364,927	2.95	01-04-2019		Shares accepted under buy-back by the Company		
				08-01-2020	(77,623)		2,287,304	2.96
		2,287,304	2.96	31-03-2020				

DIRECTORS' REPORT (Contd.)

ANNEXURE - K (Contd.)

Sl. No.	Name	Shareholding		Date	Increase (Decrease) in Share holding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019)/ at the end of the year (31-03-2020)	% of total shares of the Company				No. of shares	% of total shares of the Company
30	P D Mody HUF (held by Karta P D Mody)	6,661	0.01	01-04-2019	(218)	Shares accepted under buy-back by the Company	6,443	0.01
				08-01-2020				
		6,443	0.01	31-03-2020				
31	Mody Bros. (held by Jyotindra B. Mody/ Dinesh B. Mody/ Pranabh D. Mody)	18,198	0.02	01-04-2019	(681)	Shares accepted under buy-back by the Company	17,517	0.02
				08-01-2020				
		17,517	0.02	31-03-2020				
32	Mody Trading Co. (held by Pallavi Bharat Mehta/ Dinesh B. Mody/ Bharati S. Mody)	50,891	0.06	01-04-2019	(1,900)	Shares accepted under buy-back by the Company	48,991	0.06
				08-01-2020				
		48,991	0.06	31-03-2020				
33	Priti Family Trust (held by Nirav Shirish Mody/ Shirish B. Mody - Trustees)	214,081	0.27	01-04-2019	(7,026)	Shares accepted under buy-back by the Company	207,055	0.27
				08-01-2020				
		207,055	0.27	31-03-2020				
34	Deepali Family Trust (held by Nirav Shirish Mody/ Shirish B. Mody - Trustees)	214,081	0.27	01-04-2019	(7,026)	Shares accepted under buy-back by the Company	207,055	0.27
				08-01-2020				
		207,055	0.27	31-03-2020				
35	Synit Drugs Pvt. Ltd.	715	0.00	01-04-2019	(215)	Shares accepted under buy-back by the Company	500	0.00
				08-01-2020				
		500	0.00	31-03-2020				
36	Namplas Chemicals Pvt. Ltd.	117,136	0.15	01-04-2019	(3,844)	Shares accepted under buy-back by the Company	113,292	0.15
				08-01-2020				
		113,292	0.15	31-03-2020				
37	Vibha Anupam Mehta/ Anupam P. Mehta	1,000	0.00	01-04-2019	(1,000)	Re-classified as public shareholders	0	0.00
				27-11-2019				
		0	0.00	31-03-2020				
38	Ila Dipak Parekh/ Dipak Hiralal Parekh	8,380	0.01	01-04-2019	(8,380)	Re-classified as public shareholders	0	0.00
				27-11-2019				
		0	0.00	31-03-2020				
39	Bharat K. Doshi	5,402	0.01	01-04-2019	(5,402)	Re-classified as public shareholders	0	0.00
				27-11-2019				
		0	0.00	31-03-2020				

DIRECTORS' REPORT (Contd.)

ANNEXURE - K (Contd.)

Sl. No.	Name	Shareholding		Date	Increase (Decrease) in Share holding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019)/ at the end of the year (31-03-2020)	% of total shares of the Company				No. of shares	% of total shares of the Company
40	Nitin Chandra Doshi	221,735	0.28	01-04-2019				
				27-11-2019	(221,735)	Re-classified as public shareholders	0	0.00
		0	0.00	31-03-2020				
41	Nisha Divyesh Shah	19,160	0.02	01-04-2019				
				27-11-2019	(19,160)	Re-classified as public shareholders	0	0.00
		0	0.00	31-03-2020				
42	Nisha Divyesh Shah/ Divyesh Shantilal Shah	3,595	0.00	01-04-2019				
				27-11-2019	(3,595)	Re-classified as public shareholders	0	0.00
		0	0.00	31-03-2020				
43	Bhakti Ashok Patel	6,460	0.01	01-04-2019				
				27-11-2019	(6,460)	Re-classified as public shareholders	0	0.00
		0	0.00	31-03-2020				
44	Bhakti Ashok Patel/ Ashok Nandlal Patel	500	0.00	01-04-2019				
				27-11-2019	(500)	Re-classified as public shareholders	0	0.00
		0	0.00	31-03-2020				
45	Pallavi Suketu Shah	11,337	0.01	01-04-2019				
				27-11-2019	(11,337)	Re-classified as public shareholders	0	0.00
		0	0.00	31-03-2020				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in Share holding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019)/ at the end of the year (31-03-2020)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Franklin India Smaller Companies Fund	3,461,068	4.31	01-04-2019				
				31-05-2019	7,827	Purchase	3,468,895	4.32
				28-06-2019	4,022	Purchase	3,472,917	4.33
				05-07-2019	760	Purchase	3,473,677	4.33
				12-07-2019	6,689	Purchase	3,480,366	4.34
				19-07-2019	10,691	Purchase	3,491,057	4.35
				26-07-2019	22,294	Purchase	3,513,351	4.38
				02-08-2019	29,362	Purchase	3,542,713	4.42
				09-08-2019	14,873	Purchase	3,557,586	4.43
				16-08-2019	9,398	Purchase	3,566,984	4.45

DIRECTORS' REPORT (Contd.)

ANNEXURE - K (Contd.)

Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in Share holding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019)/ at the end of the year (31-03-2020)	% of total shares of the Company				No. of shares	% of total shares of the Company
				23-08-2019	31,375	Purchase	3,598,359	4.49
				30-08-2019	38,726	Purchase	3,637,085	4.53
				06-09-2019	3,209	Purchase	3,640,294	4.54
				13-09-2019	120,673	Purchase	3,760,967	4.69
				20-09-2019	6,702	Purchase	3,767,669	4.70
				27-09-2019	200,000	Purchase	3,967,669	4.95
				08-11-2019	153	Purchase	3,967,822	4.95
				10-01-2020	(130,235)	Buy-back	3,837,587	4.97
				10-01-2020	(100,000)	Sale	3,737,587	4.84
				17-01-2020	(119,088)	Sale	3,618,499	4.68
				24-01-2020	(36,168)	Sale	3,582,331	4.64
				31-01-2020	(19,744)	Sale	3,562,587	4.61
				21-02-2020	(7,267)	Sale	3,555,320	4.60
				06-03-2020	(92,733)	Sale	3,462,587	4.48
		3,462,587	4.48	31-03-2020				
2	DSP Small Cap Fund	2,192,838	2.73	01-04-2019	-	-	2,192,838	2.73
		2,192,838	2.73	31-03-2020				
3	DSP Tax Saver Fund	1,866,782	2.33	01-04-2019				
				01-11-2019	24,144	Purchase	1,890,926	2.36
				10-01-2020	51,183	Purchase	1,942,109	2.51
				17-01-2020	46,354	Purchase	1,988,463	2.57
				06-03-2020	6,004	Purchase	1,994,467	2.58
				20-03-2020	35,285	Purchase	2,029,752	2.63
		2,029,752	2.63	31-03-2020				
4	ICICI Prudential Pharma Healthcare And Diaganostics (P.H.D) Fund	1,079,810	1.35	01-04-2019				
				17-05-2019	10,864	Purchase	1,090,674	1.36
				15-11-2019	(16,567)	Sale	1,074,107	1.34
				10-01-2020	(35,255)	Buy-back	1,038,852	1.34
				10-01-2020	(45,553)	Sale	993,299	1.29
				24-01-2020	(8,308)	Sale	984,991	1.28
				07-02-2020	(57,477)	Sale	927,514	1.2
				14-02-2020	(39,730)	Sale	887,784	1.15
				13-03-2020	(5,695)	Sale	882,089	1.14
		882,089	1.14	31-03-2020				
5	Al Mehwar Commercial Investments LLC – (Whiting)	446,309	0.56	01-04-2019				
				16-08-2019	(30,000)	Sale	416,309	0.52
				13-03-2020	23,000	Purchase	439,309	0.57
		439,309	0.57	31-03-2020				

DIRECTORS' REPORT (Contd.)

ANNEXURE - K (Contd.)

Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in Share holding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019)/ at the end of the year (31-03-2020)	% of total shares of the Company				No. of shares	% of total shares of the Company
6	India Acorn Fund Ltd.	431,359	0.54	01-04-2019				
				16-08-2019	(57,000)	Sale	374,359	0.47
				06-03-2020	25,000	Purchase	399,359	0.52
		399,359	0.52	31-03-2020				
7	Dimensional Emerging Markets Value Fund	395,614	0.49	01-04-2019				
				26-04-2019	(4,744)	Sale	390,870	0.49
				13-12-2019	(2,793)	Sale	388,077	0.48
				20-12-2019	(9,711)	Sale	378,366	0.47
				10-01-2020	(12,815)	Buy-back	365,551	0.47
365,551	0.47	31-03-2020						
8	White Oak India Equity Fund	433,074	0.54	01-04-2019				
				16-08-2019	(90,000)	Sale	343,074	0.43
				06-03-2020	17,000	Purchase	360,074	0.47
360,074	0.47	31-03-2020						
9	Ramu Sitaram Deora	394,587	0.49	01-04-2019				
				27-12-2019	(5,656)	Sale	388,931	0.48
				31-12-2019	(11,349)	Sale	377,582	0.47
				03-01-2020	(14,263)	Sale	363,319	0.45
				10-01-2020	(14,909)	Buy-back	348,410	0.45
348,410	0.45	31-03-2020						
10	Caisse De Depot Et Placement Du Quebec - White Oak Capital Partners Pte Ltd	0	0	01-04-2019				
				14-06-2019	23,529	Purchase	23,529	0.03
				21-06-2019	127,683	Purchase	151,212	0.19
				16-08-2019	115,000	Purchase	266,212	0.33
				04-10-2019	52,000	Purchase	318,212	0.40
318,212	0.40	31-03-2020						
11	DSP AIF Pharma Fund	1,193,223	1.49	01-04-2019				
				20-09-2019	(74,633)	Sale	1,118,590	1.39
				27-09-2019	(368,059)	Sale	750,531	0.94
				04-10-2019	(750,531)	Sale	0	0.00
		0	0.00	31-03-2020				

Note : Date mentioned for increase /decrease in shareholding is end-date of weekly beneficial ownership position provided by the depositories.

DIRECTORS' REPORT (Contd.)

ANNEXURE - K (Contd.)

(v) Shareholding of Directors & Key Managerial Personnel

Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019)/ at the end of the year(31-03-2020)	% of total shares of the Company				No. of shares	% of total shares of the Company
A	DIRECTORS:							
1	Mr. Jyotindra B. Mody Chairman & Managing Director	5,111,209	6.37	01-04-2019				
		4,943,445	6.40	08-01-2020	(167,764)	Shares accepted under buy-back by the Company	4,943,445	6.40
				31-03-2020				
2	Mr. Shirish B. Mody Whole Time Director (Marketing)	4,810,933	6.00	01-04-2019				
		4,653,025	6.02	08-01-2020	(157,908)	Shares accepted under buy-back by the Company	4,653,025	6.02
				31-03-2020				
3	Mr. Bharat P. Mehta Whole Time Director (Planning & Development)	2,528,400	3.15	01-04-2019				
		2,445,412	3.16	08-01-2020	(82,988)	Shares accepted under buy-back by the Company	2,445,412	3.16
				31-03-2020				
4	Mr. Pranabh Mody President & Whole Time Director (Operations)	4,700,429	5.86	01-04-2019				
				31-10-2019	2,895,343	Shares received on transmission	7,595,772	9.47
				08-01-2020	(249,313)	Shares accepted under buy-back by the Company	7,346,459	9.51
		7,346,459	9.51	31-03-2020				
5	Mr. Kamlesh L. Udani Executive Director (Technical & Production)	54,596	0.07	01-04-2019				
		52,805	0.07	08-01-2020	(1,791)	Shares accepted under buy-back by the Company	52,805	0.07
				31-03-2020				
6	Dr. Satyanarain Agarwala Independent Director	1,570	0.00	01-04-2019				
		1,519	0.00	08-01-2020	(51)	Shares accepted under buy-back by the Company	1,519	0.00
				31-03-2020				
7	Mr. Rajiv C. Mody Independent Director	1,725	0.00	01-04-2019				
		1,725	0.00	31-03-2020				
8	Ms. Krupa R. Gandhi Independent Director	0	0.00	01-04-2019				
		0	0.00	31-03-2020				
9	Mr. Devang R. Shah Independent Director	16,855	0.02	01-04-2019				
		16,855	0.02	31-03-2020			16,855	0.02
10	Mr. Shaukat Merchant Independent Director	0	0.00	01-04-2019				
		0	0.00	31-03-2020				
11	Dr. Manoj Mashru Independent Director	0	0.00	01-04-2019				
		0	0.00	31-03-2020				
B	KEY MANAGERIAL PERSONNEL							
1.	Mr. M. C. Mehta Company Secretary	0	0.00	01-04-2019				
		0	0.00	31-03-2020				
2	Mr. Vijay Bhatt Chief Financial Officer	0	0.00	01-04-2019				
		0	0.00	31-03-2020				

DIRECTORS' REPORT (Contd.)

ANNEXURE - K (Contd.)

V. INDEBTNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
(₹ in lakhs)				
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,325.52	254.25	-	2,579.77
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,325.52	254.25	-	2,579.77
Change in Indebtedness during the financial year				
Additions	2,949.36	-	-	2,949.36
Reduction	2,325.52	-	-	2,325.52
Net Change	623.85	-	-	623.85
Indebtedness at the end of the financial year				
i) Principal Amount	2,949.36	254.25	-	3,203.61
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,949.36	254.25	-	3,203.61

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director and Whole Time Directors :

(₹ in lakhs)

Particulars of Remuneration	Name of the MD/WTD						Total Amount
	Mr. Jyotindra B. Mody	*Mr. Dinesh B. Mody (upto 28/08/2019)	Mr. Shirish B. Mody	Mr. Bharat P. Mehta	Mr. Pranabh Mody	Mr. Kamlesh L. Udani	
Gross salary							
(a) Salary as per provisions contained in section 17(1) of the Income Tax Act., 1961.	586.80	225.46	598.74	253.65	268.77	179.00	2,112.42
(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	52.46	22.56	40.53	37.7	22.58	13.22	189.05
(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stock option	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Commission							
as % of profit	Nil	Nil	Nil	Nil	Nil	Nil	Nil
others	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total (A)	639.26	248.02	639.27	291.35	291.35	192.22	2,301.47
Ceiling as per the Act							3,433.97

* does not include amount of ₹ 28.25 lakhs and ₹ 525.66 lakhs paid towards leave encashment and gratuity respectively consequent to demise of Mr. D. B. Mody on 28/08/2019.

DIRECTORS' REPORT (Contd.)

ANNEXURE - K (Contd.)

B. Remuneration to other Directors:

(₹ in lakhs)

Particulars of Remuneration	Name of the director							
	Mr. Durga Dass Chopra (up to 30-09-2019)	Dr. Satyanarain Agarwala	Ms. Krupa R. Gandhi	Mr. Rajiv C. Mody	Mr. Devang Shah	Mr. Shaukat Merchant	Dr. Manoj Mashru	Total Amount
(a) Fee for attending Board/ Committee meetings	Nil	12.00	9.00	6.60	10.80	5.40	5.00	48.80
(b) Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	Nil	12.00	9.00	6.60	10.80	5.40	5.00	48.80
Total Managerial Remuneration								2,350.27
Overall Ceiling as per the Act.								3,485.97

C. Remuneration to Key Managerial Personnel other than MD/ WTD:

(₹ in lakhs)

Particulars of Remuneration	Key Managerial Personnel		Total Amount
	Company Secretary	CFO	
Gross Salary			
(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	68.85	81.46	150.31
(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil
(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
Stock Option	Nil	Nil	Nil
Sweat Equity	Nil	Nil	Nil
Commission			
as % of profit	Nil	Nil	Nil
others	Nil	Nil	Nil
Others	Nil	Nil	Nil
Total	68.85	81.46	150.31

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

No penalty, punishment or compounding fees has been imposed on the Company, or its directors and officers during the year ended on March 31, 2020.

DIRECTORS' REPORT (Contd.)

ANNEXURE - L

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

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

To,
The Members,
J. B. Chemicals & Pharmaceuticals Limited
Neelam Centre, B wing,
4th Floor, Hind Cycle Road,
Worli, Mumbai 400030.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by J. B. Chemicals & Pharmaceuticals Limited (hereinafter called the Company). The Secretarial Audit was conducted in a manner, which 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 March 31, 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 the Company for the financial year ended on March 31, 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;
- (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, 2018; (Not applicable to the Company during audit period);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during audit period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during 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 audit period); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head/groups of Acts, Laws and Regulations as applicable to the Company is given in Annexure I.

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

DIRECTORS' REPORT (Contd.)

ANNEXURE - L (Contd.)

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 and 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. Majority decision is carried through while the dissenting members' views, if any are captured and recorded as part of the minutes.

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

We further report that during the audit period the Company has passed following special/ordinary/Board resolutions which are having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

1. Re-appointment of Mr. Devang R. Shah as an independent Director of the Company for the second term of 5 years.
2. Re-classification of status of certain members of the promoter group to public.
3. Buy-back of fully paid up equity shares by the Company having face value of ₹ 2/- each up to 29,54,545 Equity Shares (representing 3.68% of the total paid-up Equity Shares of the Company) at a price of ₹ 440/- (Rupees four hundred forty only) per Equity Share payable in cash for a total consideration not exceeding ₹ 130,00,00,000/- (Rupees one hundred thirty crores only).

For Ashish Bhatt & Associates

Ashish Bhatt

Practicing Company Secretary

FCS No: 4650

C.P. No. 2956

UDIN : F004650B000379728

Place : Thane

Date : June 25, 2020

ANNEXURE I

List of applicable laws to the Company

Under the Major Group and Head

1. Drugs & Cosmetics Act, 1940;
2. Drugs (Prices Control) Order 2013;
3. Factories Act, 1948;
4. Industries (Development & Regulation) Act, 1951;
5. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
6. Acts prescribed under prevention and control of pollution;
7. Acts prescribed under Environmental protection;
8. Acts as prescribed under Direct Tax and Indirect Tax;
9. Labour Welfare Act of respective States;
10. Trade Marks Act 1999;
11. The Legal Metrology Act, 2009.

For Ashish Bhatt & Associates

Ashish Bhatt

Practicing Company Secretary

FCS No: 4650

C.P. No. 2956

UDIN : F004650B000379728

Place : Thane

Date : June 25, 2020

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on code of governance is aimed at assisting the management and the Board of Directors in efficient conduct of the business and in meeting its obligations to all stakeholders, and is guided by the principles of transparency, fairness, accountability and integrity. The philosophy also includes insistence on strict adherence to the governance mechanism laid down in the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). These practices are intended to achieve balance between enhancement of stakeholder value and achievement of financial objective.

BOARD OF DIRECTORS

(i) (a) Composition, Attendance and Other Directorships:

The strength of the Board of Directors of the Company as at the year-end was eleven. Five directors, including Mr. Jyotindra B. Mody, Chairman & Managing Director, are executive directors, while six directors are independent directors.

The information on composition and category of directors as well as attendance of each director at the meetings of the Board of Directors held during the financial year ended on March 31, 2020 and at the last annual general meeting and their directorships in other companies and committee membership in other public companies as at the year-end is as under:

Name of the director	Category	No. of board meetings attended	Attendance at last AGM	No. of other directorship(s)	Other committee position	
					Member	Chairman
Mr. Jyotindra B. Mody	Executive (Promoter)	3	No	2	—	—
Mr. Dinesh B. Mody (upto 28/08/2019)	Executive (Promoter)	1	No	*	*	*
Mr. Shirish B. Mody	Executive (Promoter)	5	Yes	3	—	—
Mr. Bharat P. Mehta	Executive (Promoter Group)	5	Yes	2	—	—
Mr. Pranabh Mody	Executive (Promoter)	5	Yes	3	1	—
Mr. Kamlesh L. Udani	Executive	4	Yes	3	—	—
Mr. Durga Dass Chopra** (upto 30/09/2019)	Non-Executive & Independent	Nil	No	*	*	*
Dr. Satyanarain Agarwala**	Non-Executive & Independent	5	Yes	2	—	—
Mr. Rajiv C. Mody	Non-Executive & Independent	5	No	2	1	—
Ms. Krupa R. Gandhi	Non-Executive & Independent	5	Yes	1	—	—
Mr. Devang R. Shah	Non-Executive & Independent	5	Yes	4	—	—
Mr. Shaukat Merchant	Non-Executive & Independent	5	Yes	2	—	—
Dr. Manoj Mashru	Non-Executive & Independent	5	No	—	—	—

* Not applicable as not a director as on March 31, 2020.

** Pursuant to provisions of Regulation 17 (1A) of the Listing Regulations, the Company passed special resolution on September 4, 2018 in relation to continuation/re-appointment as non-executive director of the Company.

CORPORATE GOVERNANCE REPORT (Contd.)

- Notes : (1) The directorships exclude directorships of bodies corporate incorporated outside India.
- (2) The committee positions pertain to position held on Audit Committee and Stakeholders Relationship Committee of other public limited companies.

(b) Directorship in other listed entities:

The information as to directorship held by the Board members in other listed entities is as under:

Name of the director	Name of listed entity	Category of directorship
Mr. Rajiv C. Mody	Sasken Technologies Limited	Executive director
	Centum Electronics Limited	Non-Executive & Independent director
Mr. Shaukat Merchant	Rubfila International Limited	Non-Executive & Independent director
Mr. Pranabh Mody	Sasken Technologies Limited	Non-Executive director (Promoter)

(c) Meetings and Review:

Five meetings of the Board of directors were held during the financial year ended on March 31, 2020. These meetings were held on May 21, 2019, August 13, 2019, November 12, 2019, February 4, 2020 and February 20, 2020.

The Board of Directors reviews compliance of applicable laws on quarterly basis. The Board has constituted Risk Management Committee. Board has formulated a risk management plan and delegated monitoring and reviewing of the plan to the Risk Management Committee. The Committee would review mitigation measures taken by the Company and new risks that may be identified by the management following risk management policy of the Company. The Company has also laid down system to inform Board members about risk assessment and minimization procedures. The Company has a succession plan in place for orderly succession for appointment to the Board of Directors and senior management personnel. The Company places all information, as and when applicable, as specified in Part A of Schedule II of the Listing Regulations before the Board of Directors.

(d) Code of Conduct:

The Board has laid down the code of conduct for members of the Board and senior management personnel of the Company. Board members and senior management personnel has affirmed compliance with the code and based thereon a declaration by managing director of the Company in this regard has been annexed to this report.

(e) CEO/CFO Certification:

The Managing Director and Chief Financial Officer have provided certificate as specified in Part B of Schedule II of the Listing Regulations to the Audit Committee and the Board of Directors.

(f) Independent directors and confirmation of independence:

Independent directors of the Company met once in the year without the presence of non-independent directors and members of management for review and assessment of the matters, inter alia, set out in Regulation 25(4) of the Listing Regulations. The maximum tenure of independent directors is in accordance with the Companies Act, 2013 and rules made there under.

Independent directors have furnished declaration that they fulfil the criteria of independence specified in the Listing Regulations and the Companies Act, 2013 as well as confirmed that he/she is not aware of any circumstance or situation, which exists or may reasonably be anticipated, that could impair or impact his/her ability to discharge his/her duties with an objective independent judgment and without any external influence. Based on assessment of veracity of the same, the Board of Directors confirm that, in their opinion, the Independent Directors fulfil the conditions of independence specified in the Listing Regulations and are independent of the management.

Independent directors have also confirmed that their names are included in the databank for independent directors maintained by the Indian Institute of Corporate Affairs in accordance with the Companies Act, 2013 and Rules made thereunder.

CORPORATE GOVERNANCE REPORT (Contd.)

Mr. Durga Dass Chopra, 86, Independent director, resigned from the Board of directors with effect from September 30, 2019 due to age related health issues and his consequent inability to devote time to Board affairs and do justice to his role as an independent director. He confirmed that it was the only reason for his resignation and that there was no other material reason. The confirmation so received was submitted to the Stock Exchanges as well as posted on the website of the Company.

The Company has purchased Directors & Officers Liability insurance for independent directors against comprehensive risks and for appropriate quantum of sum insured.

(g) Performance Evaluation:

The Board of Directors (excluding director being evaluated) have carried out performance evaluation of independent directors for the year 2019-2020 as well as evaluation of fulfilment of independence criteria as specified in the Listing Regulations and their independence from the management.

(ii) Relationship between directors inter-se:

Mr. Jyotindra B. Mody and Mr. Shirish B. Mody are related to each other as brother. Mr. Bharat Mehta is related to Mr. Jyotindra B. Mody as son-in-law. Mr. Pranabh Mody is nephew of Mr. Jyotindra B. Mody and Mr. Shirish B. Mody.

(iii) The number of equity shares held by the non-executive directors in the Company as on March 31, 2020 are as under:

Name of the director	No. of shares held
Dr. Satyanarain Agarwala	1,519
Mr. Rajiv C. Mody	1,725
Ms. Krupa R. Gandhi	-
Mr. Devang R. Shah	16,855
Mr. Shaukat Merchant	-
Dr. Manoj Mashru	-

(iv) The Company conducted a familiarisation programme for its independent directors to familiarize them with (a) business of the Company along with over view of the industry and regulations governing it (b) type of products manufactured by the Company (c) business model of the Company in domestic and international market (d) markets where the Company does the business and growth prospects in such markets (e) Company's business activities in each business unit (f) major brands of the Company (g) Company's manufacturing facilities, and (h) role, rights, responsibilities and duties of independent directors. The Company has posted the details of familiarisation programme imparted to independent directors on its website and web link thereto is http://www.jbcpl.com/investors/pdf/2015_2016/Familiarization-programme.pdf

(v) List of core competency and expertise:

The Company is a listed entity engaged in the business of manufacture and marketing of pharmaceutical formulations, herbal products, active pharmaceutical ingredients and provision of product development services. Major competency and expertise, as identified by the Board, required in the context of this business for the Company to function effectively include the following:

	Core competency/expertise
1.	Leadership & decision making
2.	New product development
3.	Manufacturing
4.	Marketing
5.	Supply chain management
6.	Corporate strategy
7.	Corporate finance
8.	National & international regulatory compliance
9.	Accountancy & audit
10.	Legal
11.	Medicine
12.	Management; and
13.	Administration

CORPORATE GOVERNANCE REPORT (Contd.)

The directors-wise competence/expertise as aforesaid is as under:

Sr. No.	Name of the director	Competence/ expertise
1	Mr. J. B. Mody	Leadership and decision making, corporate strategy, corporate finance, management.
2	Mr. S. B. Mody	Leadership and decision making, corporate strategy, new product development, marketing, management, administration.
3	Mr. Bharat Mehta	Leadership and decision making, manufacturing, national and international regulatory compliance.
4	Mr. Pranabh Mody	Leadership and decision making, corporate strategy, corporate finance, new product development, supply chain management, marketing, national regulatory compliance, administration.
5	Mr. Kamlesh Udani	Manufacturing, management, administration.
6	Dr. Satyanarain Agarwala	Medicine, international regulatory compliance.
7	Mr. Rajiv Mody	Management, administration
8	Ms. Krupa R. Gandhi	Accountancy, audit
9	Mr. Devang R. Shah	Accountancy, audit, corporate finance
10	Mr. Shaukat Merchant	Legal
11	Dr. Manoj Mashru	Medicine

AUDIT COMMITTEE

During the year, the Audit Committee was re-constituted consequent to demise of Mr. Dinesh B. Mody. The re-constituted Committee complies with the requirements laid down under the Listing Regulations and the Companies Act, 2013. The Committee comprises of Ms. Krupa R. Gandhi, Chartered Accountant, Chairperson, while Dr. Satyanarain Agarwala, Mr. Devang Shah and Mr. Pranabh Mody are other members of the Committee. M.C. Mehta, Company Secretary, acts as Secretary to the Audit Committee. The Audit Committee, inter alia, discharges the role specified in Section A of Part C of Schedule II of the Listing Regulations and reviews information specified in Section B of Part C of the said Schedule, to the extent applicable.

The terms of reference of the Audit Committee are as per the provisions of Section 177 of the Companies Act, 2013 and the Listing Regulations. The terms of reference are: (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company; (3) Approval of payment to statutory auditors for any other services rendered by them; (4) Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval; (5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval; (6) Monitoring the end use of funds raised through public offers and related matters; (7) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter; (8) Review and monitor the auditors' independence and performance, and effectiveness of audit process; (9) Scrutiny of inter-corporate loans and investments; (10) Valuation of undertakings or assets of the Company, wherever it is necessary; (11) Evaluation of internal financial controls and risk management systems; (12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems; (13) Reviewing 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; (14) Discussion with internal auditors of any significant findings and follow up there on; (15) Reviewing 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; (16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of

CORPORATE GOVERNANCE REPORT (Contd.)

non-payment of declared dividends) and creditors; (18) To review the functioning of the Whistle Blower 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) Approval or any subsequent modifications of transactions of the Company with related parties as per the Companies Act, 2013 and Listing Regulations; (21) Examination of the financial statements and the auditors' report thereon; (22) To review the utilisation of loans and /or advance from/ investment by the Company in the subsidiary company exceeding the prescribed limits; and (23) Such other items of business as the Companies Act, 2013, rules made there under and the Listing Regulations for the time being in force requires or may hereinafter require the Audit Committee to consider, review, evaluate, examine, scrutinise, value, approve, monitor, report, note or otherwise.

Four meetings of the Audit Committee were held during the financial year ended on March 31, 2020. These meetings were held on May 21, 2019, August 13, 2019, November 12, 2019 and February 4, 2020. The information with regard to attendance of the members is as under:

Name of the director	Position held	Category	No. of meetings attended
Mr. Durga Dass Chopra (upto 21/05/2019)	Chairman	Non-executive & independent director	Nil
Ms. Krupa R. Gandhi	Chairperson	Non-executive & independent director	4
Mr. Dinesh B. Mody (upto 28/08/2019)	Member	Executive director (Promoter)	1
Dr. Satyanarain Agarwala	Member	Non-executive & independent director	4
Mr. Devang R. Shah (since 21/05/2019)	Member	Non-executive & independent director	3
Mr. Pranabh D. Mody (since 12/11/2019)	Member	Executive director (Promoter)	1

Chairman & Managing director, chief financial officer, statutory auditor and internal auditor are regular invitees to the Audit Committee meetings.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of three independent directors viz. Dr. Satyanarain Agarwala, Chairman, Mr. Rajiv C. Mody and Mr. Devang R. Shah. The terms of reference of the Committee is as per the provisions of the Companies Act, 2013 and the Listing Regulations.

The terms of reference of the Committee are: (1) To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees; (2) To formulate criteria of persons who may be appointed in senior management. The term 'senior management' shall mean personnel of the Company who are members of its core management team (excluding board of directors) comprising all members of the management one level below the executive directors, including the functional heads; (3) To 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; (4) To devise a policy on board diversity (including diversity of thought, experience, knowledge, perspective and gender); (5) To specify the manner (including formulation of criteria for performance evaluation) for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance; (6) To determine remuneration package for executive directors; (7) To recommend to the Board, all remuneration, in whatever form, payable to senior management; (8) To decide as to whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors and make recommendation to the Board in this behalf; and (9) To carry out such other function and duty as is or may be prescribed under the Companies Act, 2013, rules made there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, from time to time.

CORPORATE GOVERNANCE REPORT (Contd.)

Three meetings of Nomination and Remuneration Committee were held during the year on May 21, 2019, August 12, 2019 and November 7, 2019. The information with regard to attendance of the members is as under:

Name of the director	Position held	Category	No. of meetings attended
Dr. Satyanarain Agarwala	Chairman	Non-executive & independent director	3
Mr. Rajiv C. Mody	Member	Non-executive & independent director	2
Mr. Devang R. Shah	Member	Non-executive & independent director	3

The Nomination and Remuneration Committee has, inter alia, laid down criteria for evaluation of performance of independent directors, which are also adopted by the Board for the purpose. The criteria for performance evaluation of the independent directors are (1) active participation in Board meetings and Committee meetings (2) devotion of time to the Company's affairs as per Company's requirement and regular attendance of Board meetings and Committee meetings (3) adequate preparation for the Board meetings (4) objectivity and independent judgement to the proceedings and deliberations of the Board (5) observance and promotion of corporate governance (6) open and constructive communication, and (7) attendance at the meetings.

REMUNERATION OF DIRECTORS

(i) Remuneration of Non-executive directors:

The non-executive directors at present are only paid sitting fees for attending meetings of the Board and Committee(s) thereof. Based on the role and responsibilities of non-executive directors, being the criteria relied upon by the Board, the Board unanimously decides the amount of sitting fees to be paid from time to time, in accordance with the Remuneration Policy of the Company. The sitting fees presently fixed does not require prior approval of the shareholders. The information on amount of sitting fees paid to the non-executive directors for attending meetings of the Board and Committee(s) thereof held during the financial year ended on March 31, 2020 is as under:

Name of the director	Sitting Fees (₹)
Dr. Satyanarain Agarwala	1,200,000
Mr. Rajiv C. Mody	660,000
Ms. Krupa R. Gandhi	900,000
Mr. Devang R. Shah	1,080,000
Mr. Shaukat Merchant	540,000
Dr. Manoj Mashru	500,000

During the year under report, the non-executive directors' neither had any other pecuniary relationship nor entered into any other transaction vis-à-vis the Company.

(ii) Remuneration of Executive directors:

The remuneration of the executive directors of the Company for the year ended on March 31, 2020 summarized under major elements is as under:

(₹ in lakhs)

Name of the director	Salary	Allowances & Perquisites	Retiral benefits	Total
Mr. Jyotindra B. Mody	266.99	333.73	72.09	672.81
*Mr. Dinesh B. Mody	103.90	158.29	28.05	290.24
Mr. Shirish B. Mody	266.99	333.73	72.09	672.81
Mr. Bharat P. Mehta	136.21	136.21	36.78	309.20
Mr. Pranabh Mody	136.21	136.21	36.78	309.20
Mr. Kamlesh L. Udani	90.10	90.10	24.33	204.53

*ceased to be director w.e.f. August 28, 2019 due to demise.

CORPORATE GOVERNANCE REPORT (Contd.)

Notes:

1. All the above remuneration components are fixed in nature.
2. The appointment of each executive director is for a period of five years from the respective date of appointment.
3. The Company has entered into contract with each executive director setting out terms and conditions of appointment, which contract can be terminated by either party by giving three months' notice to the other. The contract so entered into does not provide for payment of severance fees.
4. The shareholders have approved the remuneration paid to promoter/promoter group director by special resolution.

STAKEHOLDERS RELATIONSHIP COMMITTEE

During the year, the Stakeholders Relationship Committee was re-constituted and the terms of reference were revised to conform to those modified under the Listing Regulations. The Committee now consists of Mr. Shaukat Merchant, Chairman, Mr. Shirish B. Mody and Mr. Bharat P. Mehta. M. C. Mehta, Company Secretary & Vice President-Compliance is compliance officer and acts as Secretary to the Committee. The terms of reference of the Committee are as under:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and
5. Such other items of business as prescribed under the Companies Act, 2013, rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from time to time.

The complaints received from the investors are being regularly attended to and are believed to be resolved to their satisfaction. One meeting of the members of Stakeholders Relationship Committee was held on January 30, 2020 and all the members were present thereat. During the year, the Company received seven investor complaints all of which have been resolved before the end of the year, and believed to have been resolved to the satisfaction of the investors. Thus, no investor grievance was pending at the year-end.

GENERAL BODY MEETINGS

The information relating to the location and time of last three annual general meetings and the special resolutions passed thereat is as under:

Year	Location	Date	Time	Whether any special resolution passed
2016-17	Rama & Sundri Watumull	September 19, 2017	3.30 p.m.	Yes. Six special resolutions passed.
2017-18	Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai – 400020.	September 4, 2018	3.30 p.m.	Yes. Five special resolutions passed.
2018-19		August 23, 2019	3.30 p.m.	Yes. One special resolution passed.

The Company has neither passed any special resolution through postal ballot during 2019-20 nor at present proposes to conduct any special resolution through postal ballot.

Explanatory statement pursuant to Section 102 of the Companies Act, 2013 annexed to the notice of general meeting contains clear recommendation of the Board to the shareholders on each item of special business.

CORPORATE GOVERNANCE REPORT (Contd.)

MEANS OF COMMUNICATION

The quarterly results are generally published in Business Standard and Sakal, and also displayed on the Company's website www.jbcpl.com. The official news releases are also displayed on the Company's website. The presentation to institutional investors / analysts made by the Company are communicated to the Stock Exchanges and also posted on the Company's website www.jbcpl.com.

GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time and Venue	September 24, 2020 at 3.30 p.m. The AGM of the Company shall be conducted vide Video Conferencing/ Other Audio Visual means pursuant to the MCA circulars.
Record Date (for electronically held shares)	September 17, 2020
Date of Book Closure (for physically held shares)	September 18, 2020 to September 24, 2020 (Both days inclusive)
Financial year	April to March
Dividend Payment Date	On or after September 29, 2020
Listing on Stock Exchanges	-BSE Limited Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. -National Stock Exchange of India Limited Address: Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051. The Company has paid annual listing fee for the period April 1, 2020 to March 31, 2021 to both the Exchanges.
Stock Code	BSE: 506943 NSE: JBCHEPHARM
Market Price Data	Annexure A
Performance in comparison to BSE Sensex	Annexure B
Registrar and Share Transfer Agents	Datamatics Business Solutions Ltd. Plot No. B-5, Part B Cross Lane, MIDC, Andheri (E), Mumbai - 400 093. Tel. No.: 022-6671 2001 - 06 Fax No.: 022-6671 2011 Email: investorquery@datamaticsbpm.com
Share Transfer System	From April 1, 2019, transfer of shares is allowed only if the shares are held in the dematerialised form. However, pursuant to Circular No. SEBI/LAD-NRO/GN/2018/24 dated 08-06-2018 and SEBI/LAD-NRO/GN/2018/49 dated 30-11-2018 and subsequent clarification vide PR No. 12/2019 dated 27-03-2019 issued by SEBI, transfer of shares in physical form is permitted only in those cases where transfer deeds were lodged prior to April 1, 2019, but were returned due to deficiency in documents. Only such transfers in physical form are accepted upon re-lodging of documents after removal of deficiency. Accordingly, shareholders holding shares in physical form are requested to consider dematerialising their holding. The power of share transfer is delegated by the Board to a Committee of directors. The said Committee met during the year to consider and approve transfer of shares for which requests were received prior to April 1, 2019.
Distribution of Shareholding as on 31-03-2020.	Annexure C
Shareholding pattern	Annexure D

CORPORATE GOVERNANCE REPORT (Contd.)

Dematerialization of shares and liquidity	Annexure E
Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity.	The Company has not issued any GDRs/ADRs/warrants or any other convertible instrument.
Commodity price risk and hedging activities	The Company does not have material commodities price risk. Hence, no hedging activities are undertaken.
Foreign exchange risk and hedging activities	The significant sales of the Company come from exports to a number of countries. The Company transacts its business in international markets in various foreign currencies such as USD, EURO, RUB, AUD, AED and GBP. Therefore, exchange risk assumes significance for the Company and volatility of currencies bears direct relationship on performance of the Company. Primarily the foreign exchange exposure is under USD, EURO and RUB and exposure under these currencies is hedged by taking forward cover for appropriate period of time on past performance basis under respective currencies / equivalent USD as per the guidelines prescribed by the Reserve Bank of India (RBI).
Plant Locations	-Plot No. 215 to 219, 304 to 310 and 4 & 5, Phase IV, GIDC Industrial Area, Panoli 394 116, Gujarat. -Plot No.128/1, 128/1/1, 128/2 and 129/1, GIDC Industrial Area, Ankleshwar 393 002, Gujarat. -Survey No. 101/2 & 102/1, Daman Industrial Estate, Airport Road, Kadaiya, Daman 396 210.
Address for correspondence	Corporate Office: Cnergy IT Park, Unit A2, 3 rd floor, Appa Saheb Marathe Marg, Prabhadevi, Mumbai 400 025. Tel. No.(022) 2439 5500/2439 5200 Fax No. (022) 2431 5331 / 2431 5334 E-mail: secretarial@jbcpl.com The investors may register their grievance on investorelations@jbcpl.com , an exclusive e-mail ID for registration of complaints by the investors.
Credit rating	During 2019-20, the Company has not obtained any credit rating for any debt instrument, fixed deposit programme or any fund mobilisation scheme or proposal.

DISCLOSURES

- The Company has not entered into any materially significant related party transaction with any related party that may have potential conflict with the interest of the Company at large.
- To the best of the Company's knowledge, there has been no incidence of non-compliance with requirement of stock exchange, SEBI or other statutory authority, on matters relating to capital markets during last three years. During last three years, no penalty or stricture has been imposed on the Company by the Stock Exchanges, SEBI or any statutory authority on any matter related to capital market.
- The Board of Directors of the Company has established vigil mechanism in the form of Whistle Blower Policy, the details whereof are provided in the Board's report, which forms part of this Annual Report. The Whistle Blower Policy is available on the Company's website www.jbcpl.com. It is affirmed that none of the personnel has been denied access to the Audit Committee.
- The details of compliance with mandatory requirements of corporate governance and status on adoption of discretionary requirements is set out in this report.
- The Company has formulated (a) the Policy for determining material subsidiaries and has posted the same on its website www.jbcpl.com. The web link thereto is <http://www.jbcpl.com/investors/pdf/policy/Policy%20for%20determining%20Material%20Subsidiaries.pdf> (b) the Policy on dealing with Related Party Transactions and has posted the same on its website www.jbcpl.com. The web link thereto is https://www.jbcpl.com/investors/pdf/policy/Related_Party_Transactions.pdf.

CORPORATE GOVERNANCE REPORT (Contd.)

- The Company does not have material commodities price risk. Hence, no hedging activities are undertaken.
- The Company has not raised any funds through preferential allotment or qualified institution placement.
- A certificate from Ashish Bhatt & Associates, company secretary in practice, certifying that none of the directors of the Company is disqualified or has been debarred from being appointed or continuing as director of Company by the SEBI or Ministry of Corporate Affairs or any such statutory authority is enclosed as Annexure F.
- During the year, there was no incidence of non-acceptance by Board of directors of any recommendation of any Committee of the Board, which is mandatorily required.
- The Company and its subsidiaries have paid an amount of ₹ 51.80 lakhs, on consolidated basis, as statutory audit fee for 2019-20. No payment for any service has been made to any entity in the network firm/network entity of which the statutory auditor is a part.
- During the period under report, the Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Corporate Governance Compliance:

The Company has complied with all requirements of corporate governance report of sub-paras (2) to (10) of Part C of Schedule V of the Listing Regulations. The Company has also submitted to the Exchanges periodical compliance reports on corporate governance within the prescribed period.

Discretionary Requirements:

The extent of adoption of discretionary requirements set out in Part E of Schedule II of the Listing Regulations is as under:

- **The Board:** The Chairman of the Company is executive and hence the provision with regard to maintenance of chairman's office as contained in the discretionary requirement is not relevant.
- **Shareholders rights:** The half-yearly financial results are published in the newspapers as mentioned above as well as posted on the Company's website. The significant news, if any, too are posted on the Company's website. In view of this, the same are not separately sent to the shareholders.
- **Modified opinion(s) in the audit report:** The Company's financial statement is with unmodified audit opinion.
- **Reporting of Internal Auditor:** Internal auditor reports to both Audit Committee as well as the Board of Directors.

VIGIL MECHANISM

The Board of Directors has established vigil mechanism in the form of Whistle Blower Policy to enable directors, employee and other stakeholders to make written protected disclosures (as defined in the Policy) to the Chairman of the Redressal Committee constituted under the Policy for evaluation and investigation of such disclosure. The Policy provides for adequate safeguards against any kind of victimisation or unfair treatment of whistle blowers. The Policy also provides for access of whistle blower to Chairman of the Audit Committee in appropriate or exceptional circumstances.

RELATED PARTY TRANSACTIONS

Board of directors has formulated a policy on materiality of related party transactions and on dealing with related party transactions. Audit Committee reviews details of the related party transactions on quarterly basis. The Company submits disclosure of related party transactions on consolidated basis as required to the Stock Exchanges on half-yearly basis and posts the same on Company's website. All related party transactions are entered into with prior approval (including omnibus approval wherever warranted) of the Audit Committee. Disclosures in respect of the related party transactions in compliance with accounting standard on "Related Party Disclosures" have been made in the note No. 46 of the accompanying financial statement of the Company for the year ended on March 31, 2020, forms part of this annual report. None of the related party transactions is material within the meaning of Regulation 23 of the Listing Regulations.

The Company has formulated a policy on materiality of related party transactions and on dealing with related party transactions. All related party contracts or arrangements have been entered into with prior approval of the Audit Committee and the Board of Directors. In case of omnibus approvals by the Audit Committee, the conditions mentioned in the Companies Act, 2013 and Listing Regulations have been complied with while granting omnibus approval. The related party transactions entered into by the Company are at arm's length and in ordinary course of business and none of them is material in nature.

CORPORATE GOVERNANCE REPORT (Contd.)

SUBSIDIARY COMPANIES

The Audit Committee reviews the financial statement of the subsidiary companies including the investments, if any, made by the subsidiary companies. The minutes of meetings of the board of directors of subsidiaries have been placed at the meeting of the Board of Directors of the Company. Presently, the Company is not required to appoint its independent director on the board of subsidiary company.

SECRETARIAL AUDIT

Secretarial audit report given by a company secretary in practice for financial year 2019-20 has been annexed to Directors' report and forms part of this annual report.

SENIOR MANAGEMENT

All members of senior management submit on quarterly basis letter of disclosure of interest to the Board relating to all material, financial and commercial transactions, where they have personal interest, if any, that may have a potential conflict with the interest of the Company at large.

QUARTERLY COMPLIANCE REPORT ON CORPORATE GOVERNANCE

During the year 2019-20, the Company has submitted to the Exchanges quarterly compliance report on corporate governance within the prescribed time and have placed such report before the Board of directors at the next meeting.

DIVIDEND DISTRIBUTION POLICY

Dividend Distribution Policy formulated by the Company pursuant to Regulation 43A of the Listing Regulations, as revised effective from April 1, 2020, is set out in Annexure G.

DISCLOSURES ON WEBSITE

The Company has, inter alia, disseminated the following information on its website www.jbcpl.com:

- (a) Terms and conditions of appointment of independent directors
- (b) Composition of various Committees of the Board of Directors
- (c) Code of Conduct for Board of Directors and Senior Management Personnel
- (d) Details of establishment of vigil mechanism/Whistle Blower Policy
- (e) Criteria for making payment to non-executive directors, which forms part of Remuneration Policy
- (f) Policy on dealing with related party transactions
- (g) Policy for determining material subsidiary
- (h) Details of familiarisation programme imparted to independent directors
- (i) Dividend Distribution Policy
- (j) Business Responsibility Policy

SHARES SUSPENSE ACCOUNT

No shares issued by the Company are unclaimed. Thus, no shares have been transferred to demat suspense account or unclaimed suspense account.

DECLARATION

I hereby declare that the members of Board of directors and senior management personnel have affirmed compliance with the code of conduct, for the year ended on March 31, 2020.

For and on behalf of the board of directors

J. B. Mody
Chairman & Managing Director

Place : Mumbai

Date : June 25, 2020

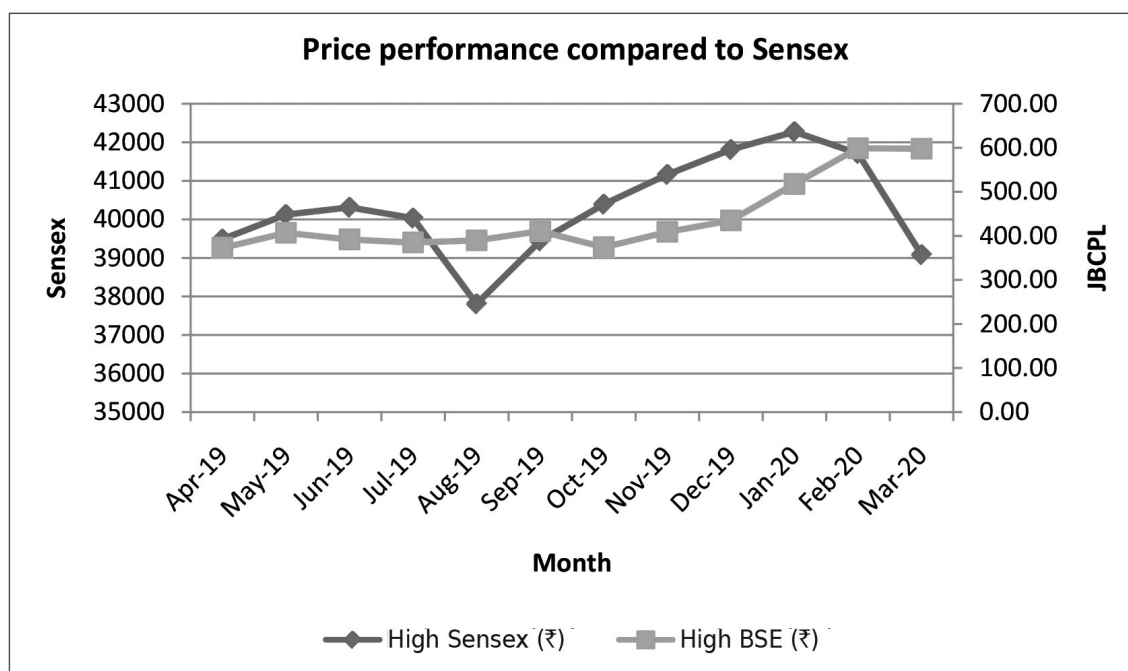
CORPORATE GOVERNANCE REPORT (Contd.)

ANNEXURE A

The high and low prices of the Company's equity shares (face value - ₹ 2 each) on BSE Limited (BSE) and on National Stock Exchange of India Limited (NSE) during each month in the financial year 2019-20 were as under:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume of shares traded	High (₹)	Low (₹)	Volume of shares traded
April 2019	372.70	339.95	113,711	373.85	339.00	661,580
May 2019	407.10	307.00	221,093	407.00	311.95	2,091,722
June 2019	391.80	355.00	105,989	392.00	353.10	842,834
July 2019	385.00	361.20	69,359	385.50	360.00	1,002,408
August 2019	389.80	362.40	82,357	390.50	362.00	1,103,430
September 2019	411.00	350.00	121,830	411.00	348.85	2,647,868
October 2019	374.40	321.70	428,029	374.60	321.50	1,426,912
November 2019	409.00	342.30	211,561	408.95	315.05	2,043,726
December 2019	435.00	396.20	242,298	437.00	395.80	2,845,498
January 2020	517.90	424.55	197,389	518.50	425.00	2,051,543
February 2020	599.00	485.85	225,174	599.90	483.50	2,745,464
March 2020	597.90	434.90	186,625	596.90	415.00	2,854,553

ANNEXURE B



CORPORATE GOVERNANCE REPORT (Contd.)

ANNEXURE C

Distribution of shareholding as on March 31, 2020 is as under:

Range of equity shares held	No. of shareholders	% of shareholders	No. of equity shares held	% of capital
Upto 500	30,391	83.75	3,398,472	4.40
501 – 1000	2,438	6.72	1,910,505	2.47
1001 – 2000	1,778	4.90	2,698,554	3.49
2001 – 3000	724	2.00	1,844,244	2.39
3001 – 4000	274	0.76	979,049	1.27
4001 – 5000	166	0.46	764,430	0.99
5001 – 10000	252	0.69	1,774,953	2.30
10001 – 50000	192	0.53	3,973,198	5.14
50001 and above	74	0.20	59,938,692	77.56
Total	36,289	100	77,282,097	100

ANNEXURE D

Shareholding pattern as on March 31, 2020 is as under:

Category	No. of shares	% holding
Promoters & Promoter Group	43,206,722	55.91
Other directors & their relatives	78,210	0.10
Mutual Funds, Banks & Insurance Companies	10,363,225	13.40
Foreign Portfolio Investors	5,546,536	7.18
Alternate Investment Funds	892,153	1.15
Clearing Member	69,335	0.09
IEPF Authority	182,104	0.24
Bodies Corporate	742,462	0.96
Individuals	16,201,350	20.96
Total	77,282,097	100.00

ANNEXURE E

The position as to dematerialization of shares as on March 31, 2020 is as under:

Category	No. of shares	% of shares	No. of Shareholders	% of Shareholders
Electronic Form	76,460,850	98.94	35,569	98.02
Physical Form	821,247	1.06	720	1.98
Total	77,282,097	100.00	36,289	100.00

The information as to liquidity of shares (i.e. number of shares traded) is provided in Annexure A above.

CORPORATE GOVERNANCE REPORT (Contd.)

ANNEXURE F

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,
J. B. Chemicals & Pharmaceuticals Limited
Neelam Centre, B wing,
4th Floor, Hind Cycle Road,
Worli, Mumbai 400030.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of J. B. Chemicals & Pharmaceuticals Limited having CIN L24390MH1976PLC019380 and having registered office at Neelam Centre, B wing, 4th Floor, Hind Cycle Road, Worli, Mumbai 400030 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & 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
1	Mr. Jyotindra B. Mody, Chairman & Managing Director	00034851
2	Mr. Shirish B. Mody, Whole-time Director (Marketing)	00035051
3	Mr. Bharat P. Mehta, Whole-time Director (Planning & Development)	00035444
4	Mr. Pranabh D. Mody, President & Whole-time Director (Operations)	00035505
5	Dr. Satyanarain Agarwala, Director	00036079
6	Mr. Rajiv C. Mody, Director	00092037
7	Mr. Kamlesh L. Udani, Executive Director (Technical & Production)	00036215
8	Mrs. Krupa R. Gandhi, Director	00294629
9	Mr. Devang R. Shah, Director	00232606
10	Mr. Shaukat H. Merchant, Director	00075865
11	Dr. Manoj R. Mashru, Director	07624554

Ensuring the eligibility 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 Ashish Bhatt & Associates

Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956
UDIN: F004650B000379783

Place : Thane
Date : June 25, 2020

CORPORATE GOVERNANCE REPORT (Contd.)

ANNEXURE G

Dividend Distribution Policy

1. Preamble and Objective:

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("Regulations") requires top 500 listed companies (by market capitalisation) to formulate a dividend distribution policy including certain specified parameters as well as disclose the same in annual report and on its website.

J.B. Chemicals & Pharmaceuticals Limited ("Company") has, in past, regularly paid dividends and this Policy reflects intent of the Company to continue to reward shareholders by sharing a portion of its profit after retaining sufficient cash for its growth. The objective of this Policy is to set out the broad frame work that the Board of Directors of the Company shall keep in view before declaring a dividend. The Board of Directors shall declare or recommend a dividend in compliance with the provisions of the Companies Act, 2013, Rules made there under, other applicable legal provisions and this Policy. The decision to pay dividend and quantum thereof is at discretion of the Board of Directors and this policy does not aim to substitute the discretion and decision making of the Board of Directors.

2. Dividend Payout:

Dividend for any financial year will be declared out of profit after tax of the Company or out of profits of the Company after tax for previous financial years or out of both. Provided in computing profit for the purpose of declaration or recommendation of dividend, any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement thereof at fair value shall be excluded as provided in Section 123 of the Companies Act, 2013.

Keeping in view the provisions of this Policy, the Board will endeavour to achieve dividend pay-out in the range of 10% to 30% of profit after tax after considering the long term plans and other parameters/factors stated hereunder. However, the actual quantum of dividend pay-out may vary in any financial year on account of financial/internal and external parameters specified hereunder.

3. Financial Parameters/Internal factors:

The Board of Directors will consider all relevant financial parameters/internal factors, including but not limited to the following before recommending or declaring any dividend for any financial year as such parameters/factors has direct bearing on dividend distribution decision.

1. Existing and expected operational/financial performance;
2. Profit available for distribution;
3. Availability of free cash;
4. Stability of earnings;
5. Liquidity position;
6. Working capital requirement;
7. Capital expenditure requirement;
8. Cash required to repay debt;
9. Buy-back of shares or any other measure involving return of cash to shareholders;

4. External Factors:

The Board of Directors will consider relevant external factors, including but not limited to the following before recommending or declaring any dividend for any financial year as such factors influence dividend distribution decisions as well as future earnings.

1. Macro-economic conditions; national and international;
2. Industry outlook;

CORPORATE GOVERNANCE REPORT (Contd.)

3. Overall economic and regulatory environment;
4. Impact of currencies;
5. Capital market condition;
6. Statutory provisions;
7. Dividend payout followed by similar sized companies in the same industry;

As such, the actual dividend payout may vary in a given year depending on the above stated or similar parameters/factors.

5. Circumstances under which the shareholders of the company may or may not expect dividend:

The Shareholders may expect dividend in a financial year when the Company has earned sufficient profit after tax. However, the shareholders may not expect dividend when the Board believes (a) that resources need to be conserved for the business of the Company or (b) the available cash is proposed to be used for any purpose set out in 3 above or (c) there are no profit or inadequate profit in any year.

6. Interim Dividend/Special Dividend:

The Board may declare interim dividend/Special one-time dividend if they so deem fit in case of availability of distributable surplus, profits during the year, any exceptional gain accruing to the Company or otherwise keeping in view parameters/factors mentioned above.

7. Utilisation of retained earnings:

The retained earnings will be used, inter alia, for pursuing Company's growth plans, meeting working capital requirement, making long-term investments, meeting contingencies, issue of bonus shares, buy-back of shares and every other purpose permitted by or under law. Further, retained earnings may also be utilised as a part of overall scheme of any merger, acquisition or any other form of restructuring.

Subject to provisions of the Companies Act and the Rules made there under, the free reserves may also be utilised for payment of dividend in the year of no profit or inadequate profit.

8. Parameters with regard to other classes of shares:

The share capital of the Company currently comprises of only equity shares. All aspects of this Policy accordingly apply to equity shares. In case of issue of other class of shares, the Board shall appropriately modify this Policy.

9. Disclosure:

As required under the Regulations, this Policy shall be disclosed in the Company's annual report and on its website www.jbcpl.com.

10. Miscellaneous:

- a) The Board may revise, modify or alter this Policy from time to time if they deem fit or necessary. Such revised Policy shall be disclosed as mentioned above.
- b) In case of any doubt arising out of this Policy, clarification provided or decision taken by the Board of the Company shall be final and binding.
- c) This Policy does not intend to give or shall not be taken as giving assurance of any guaranteed returns on equity shares of the Company.
- d) This Policy is subject to the provisions of the Companies Act, 2013, Rules framed thereunder and the Regulations.

CORPORATE GOVERNANCE REPORT (Contd.)

Independent Auditors' Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Members of J. B. Chemicals & Pharmaceuticals Ltd.

1. The accompanying Corporate Governance Report prepared by J. B. Chemicals and Pharmaceuticals Limited ("the Company"), contains details as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2020. This Report is required by the Company for annual submission to the Stock exchange and to be sent to the shareholders of the Company.

Managements' Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specified requirement of the Listing Regulations referred to in paragraph 1 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Reports for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditors' judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures includes, but not limited to, verification of secretarial records and financial information of the Company and obtained necessary representations and declarations from directors including independent directors of the Company.
8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us as referred in paragraph 7 and 8 above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended during the year ended 31st March, 2020.

CORPORATE GOVERNANCE REPORT (Contd.)

Other matters and Restriction on Use

10. This Report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This Report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to Corporate Governance Report accompanied with by a report thereon from the Statutory Auditors and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

For D N V & Co

Chartered Accountants
Firm Registration No 102079W

CA Bharat Jain

Partner
Membership No: 100583
UDIN No: 20100583AAAACK4755

Place : Mumbai

Date : June 25, 2020

BUSINESS RESPONSIBILITY REPORT

The following is the Business Responsibility Report pursuant to Regulation 34(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. ("Regulations").

SECTION A: General information about the Company

1.	Corporate Identity Number (CIN) of the Company	L24390MH1976PLC019380
2.	Name of the Company	J .B. Chemicals & Pharmaceuticals Ltd.
3.	Registered address	Neelam Centre, 'B' Wing, 4 th Floor, Hind Cycle Road, Worli, Mumbai - 400 030.
4.	Website	www.jbcpl.com
5.	E-mail id	secretarial@jbcpl.com
6.	Financial Year reported	April 1, 2019 to March 31, 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Pharmaceuticals
8.	List three key products that the Company manufactures (as in balance sheet)	Cilnidipine, Ranitidine and Metronidazole.
9.	Total number of locations where business activity is undertaken by the Company	
(a)	Number of International Locations (Provide details of major 5)	The Company has representative office in Russia and Ukraine. Excepting this, the Company does not have its own location outside India.
(b)	Number of National Locations	8 manufacturing facilities across Ankleshwar, Panoli and Daman, 27 distribution locations across the country, 1 area office each in New Delhi and Kolkata, Accounts office at Bharuch, R & D Centre at Thane (Maharashtra), samples warehouse at Bhiwandi (Maharashtra) and a Registered and Corporate office at Mumbai.
10.	Markets served by the Company	India and over 50 countries across Asia and South East Asia, Gulf & Middle East, USA, EU, Canada, Australia, New Zealand, Latin & Central America, Africa & South Africa and Russia-CIS.

SECTION B: Financial details of the Company

1.	Paid up Capital (INR)	₹ 1,545.64 lakhs
2.	Total Turnover (INR)	₹ 160,619.62 lakhs
3.	Total profit after taxes (INR)	₹ 26,814.40 lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Company's total spending of ₹ 442.47 lakhs on CSR during FY 2019-20 was 1.65% of the profit after tax for the year.
5.	List of activities in which expenditure in 4 above has been incurred	Expenditure on CSR has been incurred on activities/projects in the area of (i) Promoting health care including preventive healthcare and (ii) Promotion of education. For details of such activities/projects, please refer to Annexure-E to the Directors' Report.

BUSINESS RESPONSIBILITY REPORT (Contd.)

SECTION C: Other Details

1.	Does the Company have Subsidiary Companies?	Yes.
2.	Do the Subsidiary Companies participate in the BR Initiatives of the parent company?	No.
3.	Do any other entity (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?	No.

SECTION D: BR Information

1. Details of Director responsible for BR

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

No.	Particulars	Details
1	DIN Number	00036215
2	Name	Kamlesh L. Udani
3	Designation	Executive Director (Technical & Production)

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number	Not applicable
2	Name	Mayur C. Mehta
3	Designation	Company Secretary & Vice President – Compliance
4	Telephone number	(022) 2439 5200 / 5500
5	e-mail id	secretarial@jbcpl.com

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

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The Company has formulated Code of conduct and anti-bribery policy which meet industry standards. BR Policy conform to principles laid down in NVG on Social, Environmental and Economic Responsibilities of Business.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ CEO/ appropriate Board Director?	Yes. It is signed by the Chairman & Managing Director.								
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	Y	Y	Y

BUSINESS RESPONSIBILITY REPORT (Contd.)

6	Indicate the link for the policy to be viewed online?	http://www.jbcpl.com/investors/pdf/code/code_of_conduct_for_directors.pdf } for P1 http://www.jbcpl.com/investors/pdf/policy/Anti_Bribery_Policy.pdf http://www.jbcpl.com/investors/pdf/policy/Business_Res_Policy0001.pdf } for P2 to P9							
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policies?	Y	Y	Y	Y	Y	Y	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	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	No. However, working of the policies is monitored by the functional heads. Formal evaluation will be carried out when deemed appropriate.							

3. Governance related to BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	This is an annual process.
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This BR report will be published annually as per the Regulations. This report is available at https://www.jbcpl.com/investors/pdf/policy/final_business_responsibility_report201920mm.pdf

SECTION E: Principle-wise Performance

Principle 1: Ethics, Transparency and accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company?

Yes.

Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

No.

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.

The Company did not receive any complaint in the past financial year from any stakeholder in relation to BR Policies.

Principle 2: Product safety and sustainability

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

Being in pharmaceutical business, the products are manufactured as per pharmacopoeial standards. Hence, this question does not have direct relevance to nature of products manufactured by the Company. However, the Company complies with prescribed terms and conditions during the course of treatment and discharge of effluents. The Company's manufacturing units are zero water discharge facilities.

2. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

BUSINESS RESPONSIBILITY REPORT (Contd.)

The Company has a well-established procedure for vendor development. The vendors' facilities and documentations are audited before being included in the approved vendor list. The quality assurance teams audit all key vendors every two years. The Company also has approved vendors for transportation of goods. There is a process of identifying and developing alternate vendors for critical materials sourced from single vendor.

- 3. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Currently, about 70% of the Company's procurement is from local and small vendors and 30% from international vendors. The vendors are made aware of best practices during the audits and necessary guidance is given to enable them to upgrade their manufacturing process capabilities.

- 4. 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.**

Being in pharmaceutical business, recycling of waste is not permitted. Waste water generated at the manufacturing facilities is treated in effluent treatment plant, followed by RO. The recovered water from RO plant is used in cooling towers and boilers. The Company disposes off by selling hazardous wastes, recovered solvents and recovered material generated in API manufacturing process, as per GPCB approval. Other hazardous waste are disposed off as per GPCB approval. Further, hazardous waste having calorific value is sent for co-processing to cement kilns and the same is used in place of fossil fuel in cement industry.

Principle 3: Employee well-being

- 1. Please indicate the total number of employees.**

Total permanent employees as on March 31, 2020 were 4,291.

- 2. Please indicate the total number of employees hired on temporary/contractual/casual basis.**

Total temporary workers as on March 31, 2020 were 495, while total workers hired through contract labour contractors were 1,242.

- 3. Please indicate the number of permanent women employees.**

290

- 4. Please indicate the number of permanent employees with disabilities**

8

- 5. Do you have an employee association that is recognized by management.**

The Company does not have employee association.

- 6. What percentage of your permanent employees is members of this recognized employee association?**

Not applicable.

- 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 year	No. of complaints pending as on end of the financial year
1.	Child labour / forced labour/involuntary labour	Nil	Not applicable
2.	Sexual harassment	Nil	Not applicable
3.	Discriminatory employment	Nil	Not applicable

- 8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

(a)	Permanent Employees	Safety training at all locations: 100%. 29 employees participated in skill upgradation training.
(b)	Permanent Women Employees	Safety training at all locations: 100%.
(c)	Casual/Temporary/ Contractual Employees	Safety training at all locations: 100% and skill up-gradation at plant location: 40% (average).
(d)	Employees with Disabilities	Safety Training at plant location where there are such employees: 100%

Principle 4: Stakeholder Engagement

- 1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes.

BUSINESS RESPONSIBILITY REPORT (Contd.)

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

No.

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.**

The Company has not identified any stakeholder as disadvantaged, vulnerable and marginalized stakeholders.

Principle 5: Human Rights

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?**

It covers only the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The Company did not receive any complaint from any stakeholder in the past financial year.

Principle 6: Environment

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

It covers only the Company.

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.**

The Company has not formulated a specific policy to address this issue. However, the Company is a responsible corporate committed to improve climate within sphere of its activities. The Company is committed to use resources efficiently and thereby reduce greenhouse gases emission. The Company's approach in this direction has been to reduce energy demand by increasing energy efficiency by use of energy efficient equipment and devices.

The Company's manufacturing facilities are zero liquid discharge for waste water and it otherwise takes steps to discharge and dispose-off effluents and waste in a manner that does not affect environment adversely. The Company uses Soil Biotechnology (green technology) for treatment of domestic waste water. This information is not separately placed on the Company's website.

3. **Does the company identify and assess potential environmental risks?**

Yes. In case of setting up a unit or modification in manufacturing process, the Company carries out environmental risk assessment before undertaking such project or process and addresses potential environmental risks. The Company also periodically assesses potential risk to environment due to possible release of gas or solvents or chemical vapour or liquid in case of failure or break down of any device or equipment, and takes necessary preventive action to avoid such risk.

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?**

The Company does not have any project that can generate certified emission reduction units. The Company, however, undertakes projects from time to time to reduce emission.

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.**

Yes. The Company regularly takes initiatives to use energy efficient devices and equipment to optimize on use of power. Such initiatives are briefly narrated every year in report of the Board of directors to the members of the Company.

During the year 2019-20, the Company (i) installed Scale Ban system at Panoli plant to re-use high TDS water in cooling tower (ii) replaced cooling water and chilled water pumps with energy efficient pumps at Panoli unit (iii) replaced existing boiler at Daman unit with more efficient boiler (iv) installed condensate recovery system to recover and pump condensate to boiler feed without using additional electrical energy, and (v) replaced conventional lamps with LED lights for reduced electricity consumption.

Besides the above, the Company is in process to install 200 KVA solar power plant at Daman Unit. Purchase of solar power for units at Panoli is under evaluation.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes. The emissions/waste generated by the Company were within permissible limit specified by CPCB/SPCB except quantity of hazardous waste. The hazardous waste quantity of distillation residue at API Plant at Panoli exceeded the quantity specified in the consent. This has been informed to GPCB through periodic filings. This hazardous waste has been disposed off in accordance with approved process.

BUSINESS RESPONSIBILITY REPORT (Contd.)

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.

No show cause/legal notice was received during the year from CPCB/SPCB.

Principle 7: Policy Advocacy

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.

Yes. The major ones that our business deals with are as under:

- (a) Indian Pharmaceutical Alliance,
- (b) Indian Drugs Manufacturers' Association,
- (c) Pharmaceuticals Export Promotion Council,
- (d) Federation of Indian Export Organisations,
- (e) Ayurvedic Drug Manufacturers Association.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas.

No.

Principle 8: Inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company through its CSR activities supports social development. The Company regularly incurs CSR expenditure in the area of promoting healthcare with object to make medical facility available to unprivileged and needy local community. Besides this, the Company also contributes to activities/projects in the area of education.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The projects are undertaken by way of contribution to NGOs/direct contribution to beneficiary.

3. Have you done any impact assessment of your initiative?

In respect of contributions made to hospitals, we carry out assessment of number of patients availing the services and also the services that are required by them. This helps to upgrade the facilities.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

The Company's contribution to community development project is through CSR activities undertaken every year. During 2019-20, the Company spent ₹ 442.47 lakhs on such projects/activities. Please refer to Annexure-E to Directors' report for details of the projects / activities undertaken during 2019-20.

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.

Such steps are taken keeping in view the nature of community development measure taken.

Principle 9: Customer value

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

No customer complaints/consumer cases are pending as on the end of financial year. No customer complaint was received during the year.

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. The Company provides information such as (a) indication of the dosage in terms of the units of the dosage forms [for all solid dosage form other than prescription drugs. (b) direction for use of the drug, and (c) cautionary statement (in case of large-volume injections) not to use the injection if drug is not clear or the bottle or container containing it is found damaged or leaking.

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?

No. Not relevant keeping in view business of the Company.

For and on behalf of the board of directors

**J. B. Mody
Chairman & Managing Director**

Place : Mumbai
Date : June 25, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of **J. B. Chemicals & Pharmaceuticals Limited**

Report on the Audit of the Standalone Financial Statements

1. Opinion

We have audited the standalone financial statements of **J. B. Chemicals & Pharmaceuticals Limited** ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2020 and the Standalone Statement of Profit and Loss (including other comprehensive income), Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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

2. Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the "Auditor's Responsibilities 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 independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

3. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Description of Key Audit Matter:

Impairment of Property, Plant and Equipment (PPE) and Intangible Assets:

Key Audit matter	How the matter was addressed in our Audit
<p>The carrying amount of PPE (including ROU) is ₹ 56,533.48 lakhs and Intangible Assets is ₹ 1,787.22 lakhs, which represents 32.20% of the total assets.</p> <p>The Company has intangibles in form of Product Dossier and Trademark with indefinite useful economic life.</p> <p>The Company has substantial amount of PPE mainly, assets at manufacturing sites. The values in use of these PPE have been determined based on certain assumptions and estimates of future performance.</p> <p>Management reviews the assets regularly and performs impairment test annually either individually or at cash generating unit level and accordingly, provide for the same if found significant and required.</p>	<p>In view of the significance of the matter our procedures in this area included the following:</p> <p>As regards PPE,</p> <ul style="list-style-type: none"> • Verification of records on test basis relating to few big / critical assets at manufacturing sites from operational perspective and its economic value. • Testing the design, implementation and operating effectiveness of key controls over the impairment review process including the review and approval of future performance. • evaluating the past performances where relevant and assessing historical accuracy of the forecast produced by management.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Key Audit matter	How the matter was addressed in our Audit
<p>Due to the significance of the value of the PPE and Intangible Assets, the inherent uncertainty and judgment involved in forecasting performance and the estimates involved in determining future performance, we have considered these estimates to be significant to our overall audit strategy and planning.</p> <p>(Refer note no 2.9, 2.10 and 2.12 of standalone financial statement for accounting policies in respect of Property, Plant and Equipment and Intangible Assets.)</p>	<p>In respect of intangibles in form of Product Dossier and Trademark with indefinite useful economic life, we have taken cognizance of:</p> <ul style="list-style-type: none"> • Value recorded in the books (at cost) with contract of purchase for the Product Dossiers and Trademark; • Independent valuer report of trademark recently acquired during the year; • The amount realized in past sale transaction and resulted in an amount that exceeded the asset's carrying amount by a substantial margin on sale of some of the product dossier; and • Company's plans to develop few products in house out of the acquired dossier formulae. <p>We have also considered whether events or transactions that occurred after the balance sheet date but before the reporting date affect the conclusions reached on the carrying values of the assets and associated disclosures made in the standalone financial statements.</p>

Inventory of raw material, work in progress and finished goods (Existence) :

Key Audit matter	How the matter was addressed in our Audit
<p>Management's physical verification of inventories was not physically observed by us at the year-end or subsequent to the year-end due to the restrictions imposed on account of COVID-19.</p>	<p>On account of COVID – 19 related nationwide lockdown, we were unable to carry out inventory verification at the year-end or subsequent to the year-end. Inventories, being material to the financial statements of the Company, we have performed following alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items", which includes:</p> <ul style="list-style-type: none"> • Evaluated the design and implementation of the controls over physical verification of inventory and tested the operating effectiveness of these controls during the interim periods. • Inspection of supporting documentation relating to purchases, production, sales, results of cyclical count performed by the management through the year and such other third-party evidences where applicable; • Obtained verification reports of the Internal Auditor and independent chartered accountant firms which were engaged by the Company for managing inventory verification process at year-end at factories, branches and CNF locations and also verified the instructions provided by the management in respect of the same; and • Performed Roll back and forward procedure wherever required. Evaluated the differences identified by these independent firms during their physical verification of inventories and it was noted that there were no major deviations found.

INDEPENDENT AUDITOR'S REPORT (Contd.)

4. Information Other than the Standalone Financial Statements and Auditor's Report Thereon ("Other Information")

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the 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 in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

5. 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 Companies Act, 2013 ("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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are 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.

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

6. Auditor's Responsibilities 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 management.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- 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.

7. Report on Other Legal and Regulatory Requirements

- 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.
- II. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- III. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Company has no branch offices whose accounts are audited by branch auditors.
 - (d) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on

INDEPENDENT AUDITOR'S REPORT (Contd.)

March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 – Refer Note 38 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; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **DNV & CO**

Chartered Accountants

Firm's registration No.: 102079W

CA Bharat Jain

Partner

Membership No.: 100583

UDIN: 20100583AAAACI4875

Place : Mumbai

Date : June 25, 2020

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 7-II under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of J. B. Chemicals & Pharmaceuticals Limited of even date).

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets i.e. Property, Plant and Equipment (PPE).
- b) The Company has a program of verification to cover all the items of fixed assets (PPE) in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets (PPE) 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, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as Right To Use under the head PPE in the standalone financial statements, the lease agreements are in the name of the Company.
- (ii) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the discrepancies noticed on physical verification between physical stock and the book records were not material and have been adequately dealt with in the books of account.
- (iii) The Company has not granted loans to the companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made and guarantees given.
- (v) In our opinion and according to the information and explanations given to us, the Company, during the year, has not accepted the deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company, pursuant to the rules made by the Central Government for the maintenance of cost records, under sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that, *prima facie*, the prescribed accounts and records have generally been maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii) a) According to the information and explanations given to us and on the basis of examination of books and records by us, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service tax, Custom Duty, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

- b) According to information and explanation given to us and on the basis of examination of books and records by us, details of disputed Income tax, Sales tax, Excise duty and Service tax that have not been deposited on account of disputes are given below:

Name of Statute	Nature of Dues	Amount (₹ In lakhs)	Period to which amount relates	Forum where dispute pending
Income Tax Act, 1961	Income Tax	50.81(#)	2012-2013	Commissioner (Appeals)
The UP Sales Tax Act	Sales Tax	0.25	1992-1993	Supreme Court of India
Tamilnadu VAT Act, 2006	VAT Tax	3.53	2006-2007 to 2011-2012	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty & Penalty	7.19	2006-2009	CESTAT
		46.87	2011-12 to 2014-15	
		1.22	July 2010 to October 2011	
		0.67	November 2011 to March 2012	
		1.70	April 2012 to September 2013	
Central Excise Act, 1944	Excise Duty & Penalty	20.26	2010 -2011	Commissioner (Appeals)
The Finance Act, 1994	Service Tax & Penalty	1.46	2010-2011	CESTAT
		4.32	April 2017 to June 2017	
		0.85	April 2016 to June 2017	

(#) pertaining to the order passed in the case of erstwhile amalgamating companies.

- (viii) According to the records of the Company, it has not defaulted in repayment of dues to any banks. disclosed in the standalone financial statements as required by the applicable accounting standards.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year. (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been

For D N V & CO
Chartered Accountants
Firm's registration No.: 102079W

CA Bharat Jain
Partner
Membership No.: 100583
UDIN: 20100583AAAACI4875

Place : Mumbai
Date : June 25, 2020

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 7-III (g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of J. B. Chemicals & Pharmaceuticals Limited on the Standalone financial statements for the year ended March 31, 2020].

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

In conjunction with our audit of the Standalone Financial Statement of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of J. B. Chemicals & Pharmaceuticals Limited (hereinafter referred to as "The Company") as of 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 with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements 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 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls with reference to financial statements (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and,

both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements 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

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

of the Company are being made only in accordance with authorizations of management and directors of the Company; and

- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with reference to financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2020, based on the internal control with reference to financial statements 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.

For **D N V & CO**

Chartered Accountants

Firm's registration No.: 102079W

CA Bharat Jain

Partner

Membership No.: 100583

UDIN: 20100583AAAACI4875

Place : Mumbai

Date : June 25, 2020

STANDALONE BALANCE SHEET

As at March 31, 2020

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	5	56,533.49	54,254.09
(b) Capital work-in-progress		1,616.69	1,508.99
(c) Other Intangible assets	6	1,787.22	957.01
(d) Financial Assets			
(i) Investments	7	20,242.13	22,884.24
(ii) Loans	8	28.10	358.86
(iii) Other financial assets	9	13.23	15.82
(e) Other non-current assets	10	353.58	514.99
Total Non-Current Assets		80,574.44	80,494.00
Current Assets			
(a) Inventories	11	23,203.82	20,810.42
(b) Financial Assets			
(i) Investments	12	33,381.26	36,064.99
(ii) Trade receivables	13	34,423.91	29,985.20
(iii) Cash and cash equivalents	14	962.27	1,936.77
(iv) Bank balances other than (iii) above	14	194.02	140.03
(v) Loans	15	401.88	70.95
(vi) Others	16	721.07	1,678.31
(c) Current Tax Assets (Net)	17	1,391.19	666.22
(d) Other current assets	18	5,847.54	7,459.44
Total Current Assets		100,526.96	98,812.33
TOTAL ASSETS		181,101.40	179,306.33
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	19	1,545.64	1,604.73
(b) Other Equity	20	142,983.44	146,851.50
Total Equity		144,529.08	148,456.23
Liabilities			
Non-Current Liabilities			
(a) Provisions	21	738.68	572.89
(b) Deferred tax liabilities (Net)	22	5,884.58	7,115.12
(c) Other non-current financial liabilities	23	109.37	-
(d) Other non-current liabilities	24	596.84	220.29
Total Non-Current Liabilities		7,329.47	7,908.30
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	25	3,203.61	2,579.77
(ii) Trade payables	26		
A) Dues to Micro and Small Enterprises		945.29	787.01
B) Dues to Other than Micro and Small Enterprises		10,189.73	10,345.72
(iii) Other financial liabilities	27	11,152.61	6,983.33
(b) Other current liabilities	28	2,676.68	1,721.52
(c) Provisions	29	472.88	134.09
(d) Current Tax Liabilities (Net)	30	602.05	390.36
Total Current Liabilities		29,242.85	22,941.80
TOTAL EQUITY AND LIABILITIES		181,101.40	179,306.33
See accompanying notes to the Standalone financial statements	1 to 56		

As per our report of even date

For D N V & Co.

Chartered Accountants
Firm Registration No. 102079W

Bharat Jain

Partner
Membership No. 100583

Place: Mumbai
Date : June 25, 2020

For and on behalf of the Board of Directors

J. B. Mody

Chairman & Managing Director
DIN : 00034851

Vijay D. Bhatt

Chief Financial Officer

Place: Mumbai
Date : June 25, 2020

S. B. Mody

Whole-time Director (Marketing)
DIN : 00035051

M. C. Mehta

Company Secretary
ACS : 8854

STANDALONE STATEMENT OF PROFIT AND LOSS

For the year ended on March 31, 2020

(₹ in lakhs)

	Particulars	Note No.	2019-20	2018-19
	INCOME			
I	Revenue From Operations	31	164,074.44	150,118.70
II	Other Income	32	4,934.27	4,022.50
III	Total Income (I+II)		169,008.71	154,141.20
	IV EXPENSES			
	Cost of materials consumed	33	45,210.43	45,375.37
	Purchases of stock-in-trade		11,450.09	10,426.13
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	252.83	(2,165.74)
	Employee benefits expense	35	29,378.09	25,797.86
	Finance costs	36	293.51	456.55
	Depreciation and amortization expense	5,6	6,509.05	5,482.49
	Other expenses	37	40,958.54	41,841.01
	Total expenses		134,052.54	127,213.67
V	Profit/(loss) before exceptional items and tax (III-IV)		34,956.17	26,927.53
VI	Exceptional Item (Refer Note no. 44)		1,000.00	-
VII	Profit before tax (V-VI)		33,956.17	26,927.53
VIII	Tax expense:	30		
	Current tax		8,250.00	7,500.00
	Deferred tax		(1,060.22)	1,129.78
	Earlier years tax		(48.01)	91.83
IX	Profit for the year (VII-VIII)		26,814.40	18,205.92
X	Other Comprehensive Income			
	<u>Items that will not be reclassified to profit or loss</u>			
	Re-measurement of the defined benefit plan		(676.74)	44.96
	Income tax on above		170.32	(15.71)
	Total other comprehensive income		(506.42)	29.25
XI	Total Comprehensive Income for the year (IX+X)		26,307.98	18,235.17
XII	Earnings per equity share	47		
	Basic		33.70	22.15
	Diluted		33.70	22.15
	See accompanying notes to Standalone financial statements	1 to 56		

As per our report of even date

For D N V & Co.

Chartered Accountants
Firm Registration No. 102079W

Bharat Jain

Partner
Membership No. 100583

Place: Mumbai
Date : June 25, 2020

For and on behalf of the Board of Directors

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DIN : 00035051

M. C. Mehta

Company Secretary
ACS : 8854

STANDALONE STATEMENT OF CASH FLOW

For the year ended on March 31, 2020

(₹ in lakhs)

Particulars		2019-20		2018-19	
A.	Cash Flow from Operating Activities				
	Net Profit before Tax		33,956.17		26,927.53
	Adjustment For:				
	Depreciation	6,509.05		5,482.49	
	Unrealised Foreign Exchange Fluctuation (Net)	97.10		569.43	
	Interest Expense	259.46		423.89	
	(Profit)/ Loss on Sale/Discard of Assets (Net)	(166.24)		(232.84)	
	Profit on sale of Investment designated as FVTPL	(2,501.30)		(1,545.93)	
	Net (Gain)/Loss arising from Financial instruments designated as FVTPL	(1,298.40)		(1,771.53)	
	Interest Income	(138.53)		(136.46)	
	Dividend Income	(148.04)		(88.36)	
	Government Grant	(91.14)		(68.65)	
	Re-measurement of the defined benefit plan	(676.74)		44.96	
	Excess provision written back	(416.48)		(7.57)	
	Provision for Doubtful debts written back	-		(18.92)	
	Provision for Doubtful debts/ Bad debts	90.52	1,519.26	36.36	2,686.87
	Operating Profit Before Working Capital Changes		35,475.43		29,614.40
	Adjustment For:				
	Trade Receivables	(4,392.01)		(565.81)	
	Other Receivables	2,500.56		1,877.49	
	Inventories	(2,393.41)		(3,228.98)	
	Trade Payable	(162.73)		(2,444.44)	
	Other Payables & Provisions	4,844.59	397.00	117.75	(4,243.99)
	Cash Generated From Operations		35,872.43		25,370.41
	Direct Taxes Paid (Net)		(8,715.26)		(6,107.53)
	Net Cash from Operating Activities		27,157.17		19,262.88
B.	Cash Flow from Investing Activities				
	Purchase of Fixed Assets	(7,172.87)		(4,827.05)	
	Sale of Fixed Assets	234.22		714.28	
	Purchase of Investment	(38,267.56)		(42,522.84)	
	Sale of Investment	47,393.12		43,560.13	
	(Increase)/Decrease in other bank balances	(53.99)		58.01	
	Interest Received	136.97		136.40	
	Dividend Received	148.04		88.36	
	Net Cash used in Investing Activities		2,417.93		(2,792.71)

STANDALONE STATEMENT OF CASH FLOW (Contd.)

For the year ended on March 31, 2020

(₹ in lakhs)

Particulars	2019-20		2018-19	
C. Cash Flow from Financing Activities				
Buy-back of shares	(16,081.90)		(13,102.79)	
Proceeds/(Repayment) from/of Short Term Borrowing (Net)	631.40		(5.00)	
Interest Paid	(186.49)		(378.29)	
Dividend Paid (Including Dividend Distribution Tax)	(14,100.31)		(2,079.45)	
Lease Rent payment	(811.09)		-	
Net Cash Used in Financing Activities		(30,548.39)		(15,565.53)
Net Increase in Cash and Cash Equivalents		(973.29)		904.64
Cash and Cash Equivalents as at 01.04.2019*	1,611.25		708.92	
Exchange difference on restatement of foreign currency	(1.29)		(2.31)	
Cash and Cash Equivalent				
Cash and Cash Equivalents as at 31.03.2020*	636.67	(973.29)	1,611.25	904.64

*Cash and Cash Equivalents comprises the following:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks	924.21	607.63
Remittance in Transit	9.95	-
Cash on hand	22.40	19.54
Post Office Saving Account	-	0.60
Fixed Deposits with maturity of less than 3 months	5.71	1,309.00
	962.27	1,936.77
Less : Bank Overdraft	325.60	325.52
Cash and Cash Equivalents	636.67	1,611.25

Note: The Cash Flow Statement is prepared using the "Indirect method" set out in Ind AS 7 - "Statement of Cash Flows".

As per our report of even date

For D N V & Co.

Chartered Accountants
Firm Registration No. 102079W

Bharat Jain

Partner
Membership No. 100583
Place: Mumbai
Date : June 25, 2020

For and on behalf of the Board of Directors

J. B. Mody

Chairman & Managing Director
DIN : 00034851

Vijay D. Bhatt

Chief Financial Officer
Place: Mumbai
Date : June 25, 2020

S. B. Mody

Whole-time Director (Marketing)
DIN : 00035051

M. C. Mehta

Company Secretary
ACS : 8854

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended on March 31, 2020

1. GENERAL INFORMATION

J. B. Chemicals & Pharmaceuticals Limited (“the Company”) is a public limited company incorporated in India (CIN: L24390MH1976PLC019380) having its registered office in Mumbai. The Company is engaged in the business of manufacturing and marketing of diverse range of pharmaceutical formulations, herbal remedies and APIs.

These standalone financial statements for the year ended March 31, 2020 were approved for the issue by the Board of Directors vide their resolution dated June 25, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 (“Act”) read with Companies (Indian Accounting Standards) Rules, 2016 and the other relevant provisions of the Act and Rules thereunder.

The financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities (including financial instruments) which have been measured at fair value at the end of each reporting period as explained in the accounting policies stated below.

2.2. Functional and presentation currency and Rounding off of the amounts:

The functional and presentation currency of the Company is Indian Rupees. Accordingly, all amounts disclosed in the financial statements and notes have been shown in Indian Rupees and all values are shown in lakhs and rounded to two decimals except when otherwise indicated.

2.3. Current versus non-current classification:

The Company has classified all its assets and liabilities under current and non-current as required by Ind AS 1- Presentation of Financial Statements. The asset is treated as current when it is:

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

All other assets are classified as non-current.

All liabilities are current when:

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

All other liabilities are classified as non-current.

2.4. Revenue recognition:

The Company derive revenue primarily from manufacturing and marketing of diverse range of pharmaceutical products.

The Company follows specific recognition criteria as described below before the revenue is recognised.

• Sale of goods

Revenue from contracts with customers is recognised when the entity satisfies a performance obligation by delivering a promised goods or services to customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment but excluding taxes or duties collected on behalf of the government and net of returns and allowances, trade discounts and volume rebates.

• Product Development Service

Revenue from product development service is recognised upon by reference to the stage of completion of service and the amount of revenue can be measured reliably.

• Other Operating Revenue

Other Operating revenue comprises of following items:

- Manufacturing charges
- Export incentives
- Sale of scrap

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

Revenue from manufacturing charges is recognised on completion of contractual obligation of manufacturing and delivery of product manufactured.

Revenue from export incentives are recognised upon adherence to the compliance as may be prescribed with regard to export and / or realisation of export proceeds as per foreign trade policy and its related guidelines.

Revenue from sale of scrap is recognised on delivery of scrap items.

- **Other Income**

Other income comprises of interest income, dividend from investment and profits from redemption of investments and mark to market gain / loss on the investments which are held on the balance sheet date.

Interest income from financial assets is recognized when it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably. Interest income is accrued on time basis by reference to the principal outstanding and at the effective rate applicable, which is the rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investment is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably).

Profits / Loss on redemption of investment is recognized by exercise of power by the Company to redeem the investment held by it in any particular security / instrument (non-current as well as current investment).

2.5. Foreign currency transaction:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the Balance Sheet date are translated at the exchange rate prevailing on the date of Balance Sheet.

Exchange rate differences resulting from foreign currency transactions settled during the period

including year-end translation of assets and liabilities are recognized in the Statement of Profit and Loss.

Non-monetary assets, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or Statement of Profit and Loss are also recognized in OCI or Statement of Profit and Loss, respectively). Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

2.6. Government grants:

Monetary government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

The grant related to an expense item is recognized as income in the year in which it is received. The grant related to an asset in the form of EPCG License is recognized in the balance sheet as deferred income and is transferred to Statement of Profit and Loss in equal amounts over the periods during which obligation attached to the License is to be fulfilled. Grant in the form of cash benefit is recognized in the Balance Sheet as deferred income and it is transferred to Statement of Profit and Loss over the useful life of the concerned asset.

2.7. Employee benefits:

Short Term and Other Long Term Employee Benefits:

A liability is recognised for benefits accruing to employees in respect of short term employee benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

A liability is recognised for benefits accruing to employees 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 Company in respect of services provided by the employees up to the reporting date.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

Long Term Employee Benefits:

• **Defined Contribution Plan:**

Payments to defined contributions retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contributions.

• **Defined Benefit Plan:**

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at end of each annual reporting period. Re-measurements, comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable), and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in Other Comprehensive Income is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss in subsequent periods. Past service cost is recognized 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 assets. Defined benefit costs are categorized as follows:

- Service Cost (including current service cost, past service cost, as well as gains or losses on curtailments and settlements).
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components defined benefit cost in Statement of Profit and Loss in the line items "Employee Benefit Expenses" and "Finance Cost" respectively. Curtailment gain and losses are accounted for as past service cost.

The retirement benefit obligation recognized in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan.

2.8. Tax Expenses:

The tax expense for the period comprises current and deferred tax. Taxes are recognised in the Statement of Profit and Loss, except to the extent that it relates to the items recognised in the comprehensive income or in Equity. In which case, the tax is also recognised in the comprehensive income or in Equity.

Current tax:

Current tax payable is calculated based on taxable profit for the year. Current tax is recognized based on the amount expected to be paid to or recovered from the tax authorities based on applicable tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is recognised 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.

Deferred tax liabilities are generally recognized for all taxable temporary timing difference. Deferred tax assets are recognized for deductible temporary differences to the extent that they are probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

Current and deferred tax for the year are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT) Credit:

MAT credit is recognized as deferred tax asset only when and to the extent there is convincing evidence

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

that the Company will pay normal income tax during the specified period.

2.9. Property, Plant and Equipment:

Freehold Land is stated at historical cost.

Premium paid for the leasehold land is amortized over the lease period.

All other items of Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognized as expense in the Statement of Profit and Loss account as and when incurred.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work-in-Progress.

Cost of the assets less its residual value is depreciated over its useful life. Depreciation is calculated on a straight line basis over the useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

The management believes that the estimated useful lives are realistic and reflects fair approximation of the period over which the assets are likely to be used. At each financial year end, management reviews the residual values, useful lives and method of depreciation of property, plant and equipment and values of the same are adjusted prospectively where needed.

2.10 Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles are not capitalized and the related expenditure is reflected in the Statement of Profit and Loss in the period in which the expenditure is incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Intangible assets representing acquired software, are amortized on a straight line basis over a period of 3 years. The useful lives of all other intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

2.11. Borrowing Cost:

Borrowing Costs directly attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset up to the date the asset is put to use. Other Borrowing Costs are charged to the Statement of Profit and Loss account in the year in which they are incurred.

2.12. Impairment of Assets:

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists, the recoverable amount of

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognized in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.13. Inventories:

Inventories are stated at the lower of cost or net realizable value. Cost is determined on the basis of Moving Average method. Cost includes expenditures incurred in acquiring the inventories and other related costs incurred in bringing them to their existing location. In case of manufactured finished goods, cost includes appropriate share of overheads based on normal operating capacity.

2.14. Provisions, Contingent Liabilities and Contingent Assets:

Provisions:

Provisions are recognized when the company has present obligation (legal or constructive) as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to a provision is presented in the Statement of Profit and Loss net of any reimbursement/contribution towards provision made.

If the effect of the time value of money is material, estimate for the provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liability:

Contingent liability is disclosed in the case;

- When there is a possible obligation which could arise from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or;
- A present obligation that arises from past events but is not recognized as expense because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or;
- The amount of the obligation cannot be measured with sufficient reliability.

Commitments:

- Commitments include the value of the contracts for the acquisition of the assets net of advances.

Contingent asset:

- Contingent asset is disclosed in case a possible asset arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

2.15. Leases:

The Company's leased assets consist of leases for Buildings. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and (iii) the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

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

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

Short-term leases and leases of low-value assets:

The Company has elected not to recognise right-to-use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an operating expense as per the terms of the lease.

2.16. Financial instruments:

The Company recognizes financial assets and financial liabilities when it becomes party to the contractual provision of the instrument.

I. Financial Assets:

Initial recognition and measurement:

Financial assets are initially measured at its fair value. Transaction costs that are directly

attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the concerned financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognized immediately in profit or loss. However, trade receivable that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies financial asset in following broad categories:

- Financial asset carried at amortized cost.
- Financial asset carried at fair value through other comprehensive income (FVTOCI)
- Financial asset carried at fair value through profit or loss (FVTPL)

Financial asset carried at amortized cost (net of any write down for impairment, if any):

Financial assets are measured at amortized cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortized costs using Effective Interest Rate (EIR) method less impairment, if any. The losses arising from impairment are recognized in the Statement of Profit and Loss. Cash and bank balances, trade receivables, loans and other financial asset of the Company are covered under this category.

Under the EIR method, the future cash receipts are exactly discounted to the initial recognition value using EIR. The cumulative amortization using the EIR method of the difference between the initial recognition amount and maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at amortized cost at each reporting date. The corresponding effect of the amortization under EIR method is recognized as interest income over the relevant period of

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

the financial asset. The same is included under "other income" in the Statement of Profit and Loss. The amortized cost of the financial asset is also adjusted for loss allowance, if any.

Financial asset carried at FVTOCI:

Financial asset under this category are measured initially as well as at each reporting date at fair value, when asset is held with a business model whose objective is to hold asset for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

Financial asset carried at FVTPL:

Financial asset under this category are measured initially as well as at each reporting date at fair value. Changes in fair value are recognized in the Statement of Profit and Loss.

Investment in subsidiaries:

The Company has accounted for its investments in subsidiaries at cost.

Other Equity Investments:

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss.

Derecognition:

A financial asset is primarily derecognized when rights to receive cash flows from the asset have expired or the Company has transferred its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risk and reward of the ownership of the financial asset.

Impairment of financial asset:

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

ECL 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 entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over

the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

II. Financial Liabilities:

Initial recognition and measurement:

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. The Company classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

All financial liabilities are recognized initially at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through EIR amortization process. Amortized

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

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 amortization is included as finance costs in the Statement of Profit and Loss.

Derecognition of financial liabilities:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

III. Derivative Financial Instrument:

Company uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency fluctuation risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of heading instrument is recognized in the Statement of Profit and Loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derecognition:

On derecognition of hedged item, the unamortized fair value, of the hedging instrument adjusted to the hedged items is recognized in the Statement of Profit and Loss.

2.17. Fair Value:

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities

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

Level 3 – inputs that are unobservable for the asset or liability

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.18. Employee Stock Option Plan:

The accounting value of stock options representing the excess of the market price over the exercise price of the shares granted under "Employee Stock Option Scheme" (ESOP) of the Company is amortized on straight line basis over the vesting period as "Deferred Employee Compensation".

2.19. Research and Development Expenditure:

Revenue expenditure on research and development is charged to the Statement of Profit and Loss in the year in which it is incurred. Capital expenditure on research and development is treated as fixed assets.

2.20. Cash and Cash Equivalent:

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.21. Cash Flow Statements:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of Company is segregated.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable to the Company from April 1, 2020.

4. KEY ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company evaluates these estimates and assumption based on the most recently available information.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a) Income taxes and Deferred tax assets:

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The management assumes that taxable profit will be available while recognizing the deferred tax assets.

b) Property, Plant and Equipment:

Property, Plant and Equipment represent a significant proportion of the asset base of the

Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life as prescribed in the Schedule II of the Companies Act, 2013 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 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.

c) Intangible assets:

Internal technical or user team assesses the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

d) Impairment of non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

e) Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

f) Recognition and measurement of defined benefit obligation:

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

g) Recognition and measurement of other provisions:

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

h) Contingencies:

Management's judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against Company as it is not possible to predict the outcome of pending matters with accuracy.

i) Allowances for uncollected trade receivable and advances:

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated amounts which are irrecoverable. Individual trade receivables are written off when management deems them not collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets. The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgment in making these assumptions and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

j) Allowances for inventories:

Management reviews the inventory age listing on a periodic basis. The purpose is to compare the carrying value of the aged inventory items with the respective net realizable value and also to identify obsolete and slow-moving items, so as to make adequate allowances for the same. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the standalone financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

5. PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	Gross Block				Accumulated Depreciation				Net Block		
	As at 1 st April 2019	Additions	Disposals	As at 31 st March 2020	As at 1 st April 2019	Depreciation charge for the year	On disposals	As at 31 st March 2020	As at 31 st March 2020	As at 31 st March 2019	
Land (Freehold)	57.16	-	-	57.16	-	-	-	-	57.16	57.16	
Land (Leasehold)	1,081.64	-	3.76	1,077.88	112.80	11.74	1.09	123.45	954.43	968.84	
Factory Buildings	20,956.32	489.51	41.29	21,404.54	5,580.60	645.76	32.16	6,194.20	15,210.34	15,375.72	
Other Buildings (Note 1)	5,746.08	0.01	-	5,746.09	484.79	93.21	-	578.00	5,168.09	5,261.29	
Plant & Equipments	55,029.17	5,528.16	145.75	60,411.58	31,347.85	3,730.00	135.01	34,942.84	25,468.74	23,681.32	
Furniture & Fixtures	3,524.98	287.75	-	3,812.73	1,528.77	252.43	-	1,781.20	2,031.53	1,996.21	
Vehicles	1,421.09	237.67	148.86	1,509.90	540.33	147.53	103.53	584.33	925.57	880.76	
Office Equipments	3,829.59	571.15	2.17	4,398.57	2,741.90	387.28	2.06	3,127.12	1,271.45	1,087.69	
Airconditioners	7,544.78	377.16	-	7,921.94	2,599.68	426.25	-	3,025.93	4,896.01	4,945.10	
Right of Use-Other Building (Note 2)	-	1,339.12	16.85	1,322.27	-	782.95	10.85	772.10	550.17	-	
Total	99,190.81	8,830.53	358.68	107,662.66	44,936.72	6,477.15	284.70	51,129.17	56,533.49	54,254.09	

Particulars	Gross Block				Accumulated Depreciation				Net Block		
	As at 1 st April 2018	Additions	Disposals	As at 31 st March 2019	As at 1 st April 2018	Depreciation charge for the year	On disposals	As at 31 st March 2019	As at 31 st March 2019	As at 31 st March 2018	
Land (Freehold)	57.16	-	-	57.16	-	-	-	-	57.16	57.16	
Land (Leasehold)	1,423.20	79.03	420.59	1,081.64	129.63	13.79	30.62	112.80	968.84	1,293.57	
Factory Buildings	20,958.97	451.22	453.87	20,956.32	5,027.90	633.52	80.82	5,580.60	15,375.72	15,931.07	
Other Buildings (Note 1)	5,816.86	-	70.78	5,746.08	419.09	93.92	28.22	484.79	5,261.29	5,397.77	
Plant & Equipments	52,454.40	3,154.03	579.26	55,029.17	27,948.74	3,537.46	138.35	31,347.85	23,681.32	24,505.66	
Furniture & Fixtures	3,240.25	292.37	7.64	3,524.98	1,299.00	230.79	1.02	1,528.77	1,996.21	1,941.25	
Vehicles	1,248.72	386.74	214.37	1,421.09	579.41	137.17	176.25	540.33	880.76	669.31	
Office Equipments	3,411.19	424.81	6.41	3,829.59	2,406.85	338.86	3.81	2,741.90	1,087.69	1,004.34	
Airconditioners	7,402.60	233.68	91.50	7,544.78	2,208.97	421.51	30.80	2,599.68	4,945.10	5,193.63	
Total	96,013.35	5,021.88	1,844.42	99,190.81	40,019.59	5,407.02	489.89	44,936.72	54,254.09	55,993.76	

Note 1. Value of buildings includes a sum of ₹ 3,600/- being the cost of shares in the societies.

Note 2. Please refer note no. 48.

Note 3. No depreciation has been claimed on assets to the extent of GST claimed.

6. INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Gross Block				Accumulated Amortisation				Net Block		
	As at 1 st April 2019	Additions	Deductions	As at 31 st March 2020	As at 1 st April 2019	Amortisation for the year	Deductions	As at 31 st March 2020	As at 31 st March 2020	As at 31 st March 2019	
Trade Marks (Note 1)	3.67	824.00	-	827.67	3.66	-	-	3.66	824.01	0.01	
Computer Software	1,081.50	38.11	-	1,119.61	1,029.78	31.90	-	1,061.68	57.93	51.72	
Product Dossier	905.28	-	-	905.28	-	-	-	-	905.28	905.28	
Total	1,990.45	862.11	-	2,852.56	1,033.44	31.90	-	1,065.34	1,787.22	957.01	

Particulars	Gross Block				Accumulated Amortisation				Net Block		
	As at 1 st April 2018	Additions	Deductions	As at 31 st March 2019	As at 1 st April 2018	Amortisation for the year	Deductions	As at 31 st March 2019	As at 31 st March 2019	As at 31 st March 2018	
Trade Marks	3.67	-	-	3.67	3.66	-	-	3.66	0.01	0.01	
Computer Software	1,046.03	35.47	-	1,081.50	954.31	75.47	-	1,029.78	51.72	91.72	
Product Dossier	905.28	-	-	905.28	-	-	-	-	905.28	905.28	
Total	1,954.98	35.47	-	1,990.45	957.97	75.47	-	1,033.44	957.01	997.01	

Note 1. Trade Marks acquired during the year is yet to be transferred in Company's name.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

7. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
A. Investment in Equity Instruments : Unquoted		
i) In Subsidiary Companies : (At cost)		
Investment in OOO Unique Pharmaceutical Laboratories - Russia (No. of shares are not denominated as per Law of Russian Federation)	3,881.92	3,881.92
51,885,000 (Previous year 51,885,000) Ordinary Shares of AED 1 each of Unique Pharamaceutical Laboratories FZE Dubai	9,414.76	9,414.76
Total	13,296.68	13,296.68
ii) In Other Companies : (At Fair Value through Profit & Loss)		
3,866 (Previous year 3,866) Equity Shares of ₹ 10/- each of BEIL Infrastructure Ltd. (formerly known as Bharuch Enviro Infrastructure Ltd.)	15.66	12.62
612,032 (Previous year 612,032) Equity Shares of ₹ 10/- each of Narmada Clean Tech	117.32	126.39
20,000 (Previous year 20,000) Equity Shares of ₹ 10/- each of Enviro Technology Ltd.	31.50	28.64
60,000 (Previous year 60,000) Equity Shares of ₹ 10/- each of Panoli Enviro Technology Ltd.	15.43	16.77
50,000 (Previous year 50,000) Equity Shares of ₹ 10/-each of Ankleshwar Research & Analytical Infrastructure Ltd.	4.24	2.55
2,000,000 (Previous year 2,000,000) Equity Shares of ₹ 10/- each of Asian Heart Institute & Research Centre Pvt. Ltd.	1,104.32	1,016.50
Total	1,288.47	1,203.47
Total Investment in Equity Instruments	14,585.15	14,500.15
B. In Government Securities : Unquoted (At amortised cost):		
National Saving Certificates	-	0.29
Total	-	0.29
C. In Mutual Funds : Quoted (At fair value through Profit & Loss)		
Nil (Previous year 10,000,000) units of ₹ 10 each of HDFC FMP 370D March 2014 (1)-Growth	-	1,483.52
Nil (Previous year 10,000,000) units of ₹ 10 each of DSP Black Rock FMP Series 210-36 M-Direct-Growth	-	1,145.25
Nil (Previous year 5,000,000) units of ₹ 10 each of HDFC FMP 1165D April 2017 (1)-Direct Growth-Series 38	-	572.92
2,000,000 (Previous year 2,000,000) units of ₹ 10 each of DSP Black Rock FMP Series 221-40M-Regular-Growth	236.61	217.47
2,000,000 (Previous year 2,000,000) units of ₹ 10 each of DSP Black Rock FMP Series 223-39M-Regular-Growth	236.77	216.95
2,000,000 (Previous year 2,000,000) units of ₹ 10 each of DSP Black Rock FMP Series 226-39M-Regular-Growth	235.52	215.71
2,000,000 (Previous year 2,000,000) units of ₹ 10 each of IDFC Fixed Term Plan Series 144-1141Day -Growth	235.09	215.47
2,000,000 (Previous year 2,000,000) units of ₹ 10 each of HDFC FMP 1147 Days March 2018 (1) Series 39 Direct -Growth	235.55	215.73
10,000,000 (Previous year 10,000,000) units of ₹ 10 each of HDFC FMP 1134 Days May 2018(1) Series 40 Direct Growth	1,188.41	1,087.61
2,000,000 (Previous year 2,000,000) units of ₹ 10 each of ICICI Prudential FMP Series 83 1105 Days Plan A	237.06	217.66
6,000,000 (Previous year 6,000,000) units of ₹ 10 each of HDFC FMP 1113 Days June 2018(1) Series 41 Direct Growth	707.88	648.08

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
5,000,000 (Previous year 5,000,000) units of ₹ 10 each of DSP Black Rock FMP Series 235 36 M Direct Growth	585.60	537.37
5,000,000 (Previous year 5,000,000) units of ₹ 10 each of ICICI Prudential FMP Series 83 1100 Days Plan O Direct Growth	587.55	538.01
5,000,000 (Previous year 5,000,000) units of ₹ 10 each of ICICI Prudential FMP Series 83 1107 Days Plan Q Direct Growth	585.59	536.48
5,000,000 (Previous year 5,000,000) units of ₹ 10 each of IDFC FMP Series 156 1103 Days Direct Growth	585.35	535.57
Total	5,656.98	8,383.80
Total Non-Current Investment	20,242.13	22,884.24
Aggregate amount of quoted investments - At Cost	4,800.00	7,300.00
Aggregate amount of quoted investments - At Market Value	5,656.98	8,383.80
Aggregate amount of unquoted investments	14,585.15	14,500.44
Category-wise Non-Current Investment		
Financial assets carried at cost	13,296.68	13,296.68
Financial assets measured at fair value through Profit & Loss	6,945.45	9,587.27
Financial assets carried at amortised cost	-	0.29
Total Non-Current Investment	20,242.13	22,884.24

8. NON-CURRENT FINANCIAL ASSETS - LOANS

Unsecured Considered Good

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Loans to Employees	16.37	20.01
Security Deposits for leased premises	11.73	338.85
Total	28.10	358.86

9. NON-CURRENT FINANCIAL ASSETS - OTHERS

Unsecured Considered Good

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Deposit having maturity more than 12 months #	13.23	15.82
Total	13.23	15.82

#These Fixed Deposits are placed with various Government Authorities/ Institutions.

10. NON-CURRENT ASSETS - OTHERS

Unsecured Considered Good

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Advances	105.97	226.26
Other Security Deposits	224.82	245.74
Prepaid Expenses	22.79	27.23
Lease rent-deferred (Refer note no. 48)	-	15.76
	353.58	514.99
Other Security Deposits- Credit Impaired	75.65	-
Less: Provision for Doubtful Other Security Deposits	(75.65)	-
	-	-
Total	353.58	514.99

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

11. CURRENT ASSETS- INVENTORIES

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Raw materials	9,429.06	7,662.06
Packing Materials (stock-in-transit Nil, Previous year ₹ 0.15)	3,126.83	2,258.00
Work-in-progress	2,247.90	1,928.71
Finished goods (stock-in-transit ₹ 843.92, Previous year ₹ 570.76)	6,441.31	6,981.17
Stock-in-trade	1,915.32	1,947.48
Fuel	43.40	33.00
Total	23,203.82	20,810.42

The write-down of inventories to net realisable value during the year amounted to ₹ 47.00 lakhs (Previous year ₹ 43.48 lakhs). The write downs are included in changes in inventories of finished goods.

12. CURRENT FINANCIAL ASSETS - INVESTMENT

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
In Mutual Funds : Quoted (At fair value through Profit & Loss)		
6,316,027.61 (Previous year 6,628,677.94) units of ₹ 10 each of Aditya Birla Sun Life Corporate Bond Fund Growth (formerly known as Birla Sun life Short Term Fund-Growth)	4,942.56	4,751.34
9,600,000 (Previous year 9,600,000) units of ₹ 10 each of HDFC Short Debt Fund Regular Plan Growth (formerly known as HDFC Short Term Opportunities Fund-Growth)	2,173.41	1,981.39
14,960,414.311 (Previous year 14,960,414.311) units of ₹ 10 each of HDFC Corporate Bond Fund Regular Plan Growth (formerly known as HDFC Medium Term Opportunities Fund Growth)	3,428.01	3,113.34
1,258,152.830 (Previous year 1,258,152.830) units of ₹ 10 each of Aditya Birla Sun Life Banking & PSU Debt Fund Regular Plan Growth (formerly known as Birla Sun Life Treasury Optimiser Plan Growth)	3,294.76	2,995.77
1,926,292.692 (Previous year 1,926,292.692) units of ₹ 10 each of HDFC Hybrid Equity Fund Growth (formely known as HDFC Balanced Fund Growth)	817.75	1,048.75
614,895.941 (Previous year 614,895.941) units of ₹ 10 each of ICICI Prudential Equity & Debt Fund Growth (formerly known as ICICI Prudential Balanced Fund Growth)	651.54	826.67
Nil (Previous year 562,478.145) units of ₹ 10 each of Franklin India Equity Hybrid Fund Growth (formerly known as Franklin India Balanced Fund Growth)	–	679.81
10,150,115.42 (Previous year 14,217,069.097) units of ₹ 10 each of HDFC Corporate Bond Fund Direct Growth (formerly known as HDFC Medium Term Opportunities Fund Direct Growth)	2,343.01	2,976.44
8,837,181.561 (Previous year 11,225,181.561) units of ₹ 10 each of ICICI Prudential Bond Fund Direct Growth (formerly known as ICICI Prudential Income Opportunities Fund Direct Growth)	2,607.00	2,965.79
790,446.713 (Previous year 1,192,242.539) units of ₹ 10 each of Aditya Birla Sun Life Banking & PSU Debt Direct Growth (formerly known as Birla Treasury Optimizer Fund Direct Growth)	2,110.19	2,885.28
9,061,435.25 (Previous year 21,310,563.677) units of ₹ 10 each of IDFC Corporate Bond Fund Direct Growth	1,265.21	2,740.62
Nil (Previous year 1,692,906.721) units of ₹ 10 each of ICICI Prudential All Seasons Bond Fund Direct Growth (formerly known as ICICI Prudential Long Term Fund Direct Growth)	–	404.16

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
7,434,577.867 (Previous year 7,434,577.867) units of ₹ 10 each of ICICI Prudential Banking and PSU Debt Fund Regular Growth	1,722.02	1,577.97
Nil (Previous year 11,327,020.350) units of ₹ 10 each of Kotak Equity Arbitrage Fund -Direct Monthly Dividend Reinvest	-	1,246.83
Nil (Previous year 6,630,670.045) units of ₹ 10 each of Reliance Arbitrage Fund -Direct Monthly Dividend Reinvest	-	729.16
Nil (Previous year 87,547.676) units of ₹ 10 each of Aditya Birla Sunlife Equity Hybrid 95 Fund -Direct Growth	-	710.03
447,748.982 (Previous year 245,116.801) units of ₹ 10 each of HDFC Balanced Advantage Fund-Direct Growth	703.75	512.50
Nil (Previous year 37,379.613) units of ₹ 10 each of IDFC Cash Fund-Direct Growth	-	847.22
2,936,159.078 (Previous year 2,936,159.078) units of ₹ 10 each of HDFC Corporate Bond Fund Direct Growth	677.77	614.71
3,851,387.783 (Previous year 7,051,465.652) units of ₹ 10 each of IDFC Banking and PSU Debt Fund Regular Growth	683.36	1,133.78
1,903,589.535 (Previous year 3,807,179.07) units of ₹ 10 each of IDFC Banking and PSU Debt Fund Direct Growth	341.96	617.77
Nil (Previous year 926,487.824) units of ₹ 10 each of SBI Short Term Debt Fund Direct Growth	-	204.13
33,999.978 (Previous year 17,005.154) units of ₹ 10 each of Axis Banking & PSU Debt Fund Direct Growth	659.94	300.92
22,953.562 (Previous year 11,478.633) units of ₹ 10 each of Axis Banking & PSU Debt Fund Regular Growth	438.73	200.61
367,033.088 (Previous year Nil) units of ₹ 10 each of HDFC Hybrid Equity Fund Direct Growth	163.29	-
696,469.014 (Previous year Nil) units of ₹ 10 each of Kotak Banking & PSU Debt Fund Direct Growth	325.37	-
286,956.777 (Previous year Nil) units of ₹ 10 each of ICICI Prudential Equity & Debt Fund Direct Growth	327.62	-
119,110.205 (Previous year Nil) units of ₹ 10 each of DSP Equity & Bond Fund Direct Growth	165.73	-
72,307.312 (Previous year Nil) units of ₹ 10 each of SBI Equity Hybrid Fund Direct Growth	91.43	-
10,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 370D March 2014 (1)-Growth	1,598.28	-
10,000,000 (Previous year Nil) units of ₹ 10 each of DSP Black Rock FMP Series 210-36 M-Direct-Growth	1,230.95	-
5,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 1165D April 2017 (1)-Direct Growth-Series 38	617.62	-
Total	33,381.26	36,064.99
Aggregate amount of quoted investments - At Cost	24,378.10	35,802.06
Aggregate amount of quoted investments - At Market Value	33,381.26	36,064.99

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

13. CURRENT FINANCIAL ASSETS – TRADE RECEIVABLES

(Unsecured, considered good unless otherwise stated)

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Considered Good	34,737.91	30,299.20
Less: Allowance as per expected credit loss model	314.00	314.00
	34,423.91	29,985.20
Credit Impaired	14.21	6.20
Less : Provision for Doubtful Debts	14.21	6.20
	–	–
Total	34,423.91	29,985.20

14. CURRENT FINANCIAL ASSETS – CASH AND BANK BALANCE

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Cash and cash equivalents		
Balances with banks	924.21	607.63
Remittance in Transit	9.95	–
Cash on hand	22.40	19.54
Post Office Saving Account	–	0.60
Fixed Deposits with maturity of less than 3 months	5.71	1,309.00
	962.27	1,936.77
Other Bank balance		
Unclaimed Dividend A/cs *	185.34	132.40
Fixed Deposits with maturity of more than 3 months but less than 12 months@	8.68	7.63
	194.02	140.03
Total	1,156.29	2,076.80

*The amount is to be utilised towards settlement of respective unpaid dividends.

@ These Fixed Deposits are placed with various Government Authorities/ Institutions.

15. CURRENT FINANCIAL ASSETS – LOANS

(Unsecured, considered good unless otherwise stated)

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Loan & Advances to Employees	30.19	38.63
Security Deposits for leased premises	347.13	–
Security Deposits– Considered Good	24.56	32.32
	401.88	70.95
Security Deposits– Credit Impaired	7.20	29.46
Less: Provision for Doubtful Deposits	(7.20)	(29.46)
	–	–
Total	401.88	70.95

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

16. CURRENT FINANCIAL ASSETS – OTHERS

Unsecured Considered Good

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Accrued interest on Deposits	6.45	4.89
Claim Receivable (Refer Note No. 41)	353.10	998.74
Forward Contract Receivable	–	374.74
Others	361.52	299.94
Total	721.07	1,678.31

17. CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Taxes Paid	14,442.23	46,941.72
Less: Provision for taxes	13,051.04	46,275.50
Total	1,391.19	666.22

18. OTHER CURRENT ASSETS

Unsecured Considered Good

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Advances to Suppliers	1,372.03	1,342.97
Prepaid Expenses	712.07	726.03
Gratuity Fund Balance with LIC	–	293.41
Lease rent–deferred (Refer note no. 48)	–	22.25
Balance/Recoverable with/from Government Authorities	3,355.69	4,482.99
Other receivables	327.33	528.91
Other Security Deposit	80.42	62.88
Total	5,847.54	7,459.44

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

19. EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
101,500,000 (Previous year 101,500,000) Equity Shares of ₹ 2/- each	2,030.00	2,030.00
Issued, Subscribed & Fully Paid up		
77,282,097 (Previous year 80,236,642) Equity Shares of ₹ 2/- each	1,545.64	1,604.73
Total	1,545.64	1,604.73

Reconciliation of the shares outstanding and amount of Share Capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹ in lakhs	Number	₹ in lakhs
Shares Outstanding at the beginning of the year	80,236,642	1,604.73	83,569,975	1,671.40
Less : Buy-back of shares	2,954,545	59.09	3,333,333	66.67
Shares outstanding at the year end	77,282,097	1,545.64	80,236,642	1,604.73

The Company has only one class of issued shares having par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share and carries identical right as to dividend. These shares are not subject to any restrictions.

Buy-back of Equity Shares

The Board of Directors, at its meeting held on November 12, 2019, approved a proposal for the Company to buy-back its fully paid-up equity shares of face value of ₹ 2/- each from the eligible equity shareholders of the Company for an aggregate amount not exceeding ₹ 13,000 lakhs, representing 9.33% of the aggregate paid up equity share capital and free reserves (including securities premium account) as per audited standalone financial statement of the Company as at March 31, 2019 and was within the statutory limit applicable for buy-back. The buy-back offer comprised a purchase of 29,54,545 equity shares representing 3.68% of the total number of paid up equity shares of the Company at a price of ₹ 440/- per equity share. The buy-back was offered to all eligible equity shareholders of the Company as on the Record Date (i.e. November 22, 2019) on a proportionate basis through the "Tender offer" route. The Company completed the buy-back on January 8, 2020 and extinguished 29,54,545 equity shares held in electronic form by way of Corporate Action via CDSL on January 9, 2020. The Company has funded the buy-back from its general reserve. In accordance with Section 69 of the Companies Act, 2013, the Company has created 'Capital Redemption Reserve' of ₹ 59.09 lakhs equal to the nominal value of the shares bought back as an appropriation from general reserve.

Details of Shareholders holding more than 5% shares.

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No of Shares	% of Holding	No of Shares	% of Holding
Jyotindra B. Mody	4,943,445	6.40	5,111,209	6.37
Dinesh Bhagwanlal Mody	-	-	4,508,948	5.62
Shirish Bhagwanlal Mody	4,653,025	6.02	4,810,933	6.00
Kumud Dinesh Mody	4,453,914	5.76	4,605,065	5.74
Bharati S. Mody	4,567,157	5.91	4,722,151	5.89
Pallavi Bharat Mehta	4,786,363	6.19	4,948,796	6.17
Pranabh Dinesh Mody	7,346,459	9.51	4,700,429	5.86
Nirav Shirish Mody	4,587,381	5.94	4,743,061	5.91

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

20. OTHER EQUITY

(₹ in lakhs)

Particulars	Reserves and Surplus								Other Comprehensive Income-remeasurement of net defined benefit plan	Total Other Equity
	Capital Reserves (transferred from amalgamating company)		Other Reserves							
	Investment allowance Reserve (utilised)	Capital Reserve	Capital Reserve	Contingency Reserve	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings		
Balance as on April 1, 2018	34.86	63.53	4.21	2,020.00	4,946.15	25.00	43,548.05	93,568.63	(543.04)	143,667.40
Profit for the year	-	-	-	-	-	-	-	18,205.94	-	18,205.94
Dividend including Dividend Distribution Tax	-	-	-	-	-	-	-	(2,014.96)	-	(2,014.96)
Transfer to Capital Redemption Reserve on buy-back of shares	-	-	-	-	-	-	(66.67)	-	-	(66.67)
Transfer from General Reserve on buy-back of shares	-	-	-	-	-	66.67	-	-	-	66.67
Re-measurement of the defined benefit plan (net of deferred tax)	-	-	-	-	-	-	-	-	29.25	29.25
Buy-back of shares (including expenses)	-	-	-	-	-	-	(13,036.12)	-	-	(13,036.12)
Balance as on March 31, 2019	34.86	63.53	4.21	2,020.00	4,946.15	91.67	30,445.26	109,759.61	(513.79)	146,851.50
Profit for the year	-	-	-	-	-	-	-	26,814.40	-	26,814.40
Dividend including Dividend Distribution Tax	-	-	-	-	-	-	-	(14,153.24)	-	(14,153.24)
Transfer to Capital Redemption Reserve on buy-back of shares	-	-	-	-	-	-	(59.09)	-	-	(59.09)
Transfer from General Reserve on buy-back of shares	-	-	-	-	-	59.09	-	-	-	59.09
Re-measurement of the defined benefit plan (net of deferred tax)	-	-	-	-	-	-	-	-	(506.42)	(506.42)
Buy-back of shares (including expenses)	-	-	-	-	-	-	(16,022.81)	-	-	(16,022.81)
Balance as on March 31, 2020	34.86	63.53	4.21	2,020.00	4,946.15	150.76	14,363.36	122,420.78	(1,020.21)	142,983.44

Nature and purpose of Reserves

A. Capital Reserves (transferred from amalgamating company)

This Reserve was created on amalgamation of J. B. Chemicals and Pharmaceuticals Pvt. Ltd. with this company w.e.f. April 1, 1984 (appointed date).

B. Capital Reserves

Arose pursuant to forfeiture and reissue of shares.

C. Contingency Reserve

This Reserve has been created out of retained earnings, as a matter of prudence, to take care of any unforeseen adverse contingencies.

D. Securities Premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as Securities Premium.

E. Capital Redemption Reserve

Transfer from General Reserve on account of buy back of shares as per Section 69 of the Companies Act 2013.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

F. General Reserve

The Company has transferred a portion of the net profit of the Company before declaring dividend to General Reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to General Reserve is not required under the Companies Act 2013.

G. Retained Earnings

Retained Earnings are the profits that the company has earned till date, less any transfer to General Reserve, dividends or other distribution paid to shareholders.

21. NON CURRENT LIABILITIES - PROVISIONS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Provision for Employee Benefits		
Leave Encashment	738.68	572.89
Total	738.68	572.89

22. DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Deferred Tax Liability		
Depreciation	3,875.56	5,401.93
Fair valuation of Investment designated as FVTPL	2,533.39	2,231.31
	6,408.95	7,633.24
Deferred Tax Assets		
Retirement Benefits	304.92	247.05
Others	219.45	271.07
	524.37	518.12
Total	5,884.58	7,115.12

23. NON-CURRENT FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Lease Liability (Refer note no. 48)	109.37	–
Total	109.37	–

24. NON-CURRENT LIABILITIES - OTHERS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Deferred Government Grant	596.84	220.29
Total	596.84	220.29

Government grant has been received for the purpose of purchase of certain items of Property, Plant & Equipment. The condition against which the grant is received is the export obligation to be fulfilled within certain specified period.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

25. CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Secured (At amortised cost)#		
Bank Overdraft	325.60	325.52
Export Packing Credit in Rupees	2,000.00	2,000.00
Export Packing Credit in Foreign currency	623.76	–
	2,949.36	2,325.52
Unsecured (At amortised cost)		
Deposit from Distributors / Customers	254.25	254.25
	254.25	254.25
Total	3,203.61	2,579.77

Working capital borrowings from the banks are secured by first pari passu charge on the stocks and book debts of the Company.

26. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Payable to Micro and Small Enterprises	945.29	787.01
Payable to Other than Micro and Small Enterprises	10,189.73	10,345.72
Total	11,135.02	11,132.73

The details of amount outstanding to Micro and Small Enterprise based on available information with the Company is as under:

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
a) The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
• Principal	945.29	787.01
• Interest due thereon	58.73	51.17
b) The amount of interest paid by the buyer in terms of S. 16 of Micro, Small and Medium Enterprise Development Act, 2006.	–	–
c) The amount of payment made to supplier beyond the appointed day during the each accounting year.	1,751.13	3,083.16
d) 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 interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	–	–
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	58.73	51.17
f) The amount of further interest remaining due and payable even in succeeding years, until such date when interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under S. 23 of Micro, Small and Medium Enterprise Development Act, 2006.	58.73	51.17

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

The above 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.

The delayed payment has been computed having regard to specified credit period for 45 days under Micro, Small and Medium Enterprise Development Act, 2006.

27. CURRENT FINANCIAL LIABILITIES-OTHERS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Interest accrued and due on borrowings	2.23	–
Unclaimed Dividends	185.34	132.40
Creditors for capital expenditure	787.41	180.61
Forward contract payable	389.69	–
Other payables	9,332.55	6,662.32
Lease Liability (Refer note no. 48)	445.39	–
Security Deposit from Customers	10.00	8.00
Total	11,152.61	6,983.33

28. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Advance from Customers	1,369.08	1,267.68
Deferred Government Grant	164.86	71.32
Other payables	1,142.74	382.52
Total	2,676.68	1,721.52

29. CURRENT LIABILITIES - PROVISIONS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Provision for employee benefits		
Gratuity	292.79	–
Leave Encashment	180.09	134.09
Total	472.88	134.09

30. CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Provision for Taxes	7,620.59	7,500.00
Less: Taxes Paid	7,018.54	7,109.64
Total	602.05	390.36

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

A. The major components of income tax expense for the year are as under:

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
i. Income tax recognized in the Statement of Profit and Loss		
Current Tax:		
Current tax on profit for the year	8,250.00	7,500.00
Earlier years' tax	(48.01)	91.83
Deferred tax :		
Deferred Tax expenses	(1,060.22)	1,129.78
Total Income tax recognized in the Statement of Profit and Loss	7,141.77	8,721.61
ii. Income tax recognized in other comprehensive income		
Deferred tax :		
Deferred Tax expenses on re-measurement of defined benefit plan	170.32	(15.71)
Total Income tax recognized in other comprehensive income	170.32	(15.71)

B. Reconciliation of tax expense and the accounting profit for the year is as under:

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Accounting Profit before income tax expenses	33,956.17	26,927.53
Enacted tax rate in India (%)	25.17	34.94
Expected income tax expense	8,546.09	9,409.56
Tax effect of :		
Expenses/ (Income) not deductible/ (allowable)	393.20	(449.82)
Allowances and concessions	(50.59)	(182.50)
Deductible expenses (Net)	(332.62)	(147.46)
Changes in Tax rate	(1,366.30)	-
Tax expenses	7,189.78	8,629.78
Adjustment recognised in current year in relation to the current tax of earlier years	(48.01)	91.83
Tax expenses recognized in Statement of Profit and Loss	7,141.77	8,721.61
Effective tax rate (%)	21.17	32.05

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

31. REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Sales of Products :		
Sale of Pharmaceuticals Products	158,831.08	145,208.39
Product Development Service	1,195.36	150.02
Exchange Rate Difference realised	593.18	1,086.44
	160,619.62	146,444.85
Other Operating Revenues :		
Manufacturing Charges	79.80	86.04
Export Incentives	2,883.93	2,924.84
Sale of Scrap	214.03	267.27
Government Grant	91.14	68.65
Insurance Claims	13.34	29.35
Others	172.58	297.70
	3,454.82	3,673.85
Total	164,074.44	150,118.70

32. OTHER INCOME

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Interest Income :		
Bank Deposit	10.28	7.31
Others	128.25	129.15
Dividend From Investment	148.04	88.36
Profit on sale of Investment	2,501.30	1,545.93
Fair value changes of Investment designated as FVTPL	1,298.40	1,771.53
Profit on sale of Assets (Net)	166.24	232.84
Provision for Doubtful debts Written Back /Recovered	-	18.92
Excess provision written back	416.48	7.57
Others	265.28	220.89
Total	4,934.27	4,022.50

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

33. COST OF MATERIAL CONSUMED

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Opening Inventories	9,920.06	8,864.98
Purchases	47,846.26	46,430.45
	57,766.32	55,295.43
Less: Closing Inventories	12,555.89	9,920.06
Total	45,210.43	45,375.37

34. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Inventories at the beginning		
Finished Goods	6,981.17	5,015.30
Work-in-progress	1,928.71	1,981.00
Stock-in-trade	1,947.48	1,695.32
	10,857.36	8,691.62
Less: Inventories at the end		
Finished Goods	6,441.31	6,981.17
Work-in-progress	2,247.90	1,928.71
Stock-in-trade	1,915.32	1,947.48
	10,604.53	10,857.36
Total	252.83	(2,165.74)

35. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Salaries and Other Benefits	26,965.91	23,577.62
Contribution to Provident Fund and Other Funds	1,727.27	1,590.12
Gratuity Expense	266.34	230.97
Staff Welfare	418.57	399.15
Total	29,378.09	25,797.86

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

36. FINANCE COST

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Interest expenses :		
Interest on working capital borrowings	203.80	239.34
Interest (Income)/cost on Employee Benefit	(22.83)	90.83
Other Borrowing Cost :		
Loan Processing Charges	21.42	19.70
Guarantee Charges	12.63	12.96
Other Interest	78.48	93.72
Total	293.51	456.55

37. OTHER EXPENSE

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Manufacturing charges	839.80	976.79
Stores and spares	505.58	501.10
Power and fuel	6,153.96	6,328.60
Compensation rent (Refer note no. 48)	33.29	871.91
Rates and taxes	113.10	111.43
Insurance	375.90	245.17
Freight and transport charges	4,233.04	4,737.01
Repairs to :		
Building	315.91	330.20
Machinery	1,552.42	1,390.38
Others	301.38	558.33
Sales promotion and publicity	7,710.52	7,832.27
Selling commission	2,947.14	2,658.90
Travelling and conveyance	4,009.88	3,677.92
Labour Hire Charges	2,252.70	2,106.71
Laboratory Expenses	1,938.61	2,388.47
Directors' fees	48.80	47.80
Royalty	1,000.12	1,000.02
Payment to Auditors :		
Audit fees	30.00	30.00
CSR Activity Expenses	442.47	410.73
Donations	14.97	30.61
Net (Gain)/loss on foreign currency transactions and translation	220.97	369.40
Bad debts	0.66	4.86
Provision for doubtful debts/deposits/expected credit loss	89.86	31.50
Miscellaneous expenses	5,827.45	5,200.90
Total	40,958.54	41,841.01

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

38. COMMITMENTS & CONTINGENCIES:

COMMITMENTS

- **Capital Commitments:** (₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amounts of contracts remaining to be executed on capital account and not provided (Net of Advance)	1,046.69	1,580.94

- **Other Commitments:**

The Company has imported capital goods including spares under the Export Promotion Capital Goods Scheme (EPCG) utilizing the benefit of zero rate or concessional rate of Customs duty. These benefits are subject to the fulfilment of certain export obligation within the stipulated period of time under the EPCG Scheme. Such export obligation remaining to be fulfilled at the year-end is as follows:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Export obligations under EPCG Scheme	2,631.80	187.43

CONTINGENCIES

- **Claim against the Company not acknowledged as debts:**

Pharmaceutical Division of Unique Pharmaceutical Laboratories Ltd. (UPLL) which was acquired by the Company on a going concern basis, has received demand notices from Dept. of Chemicals & Fertilizers, Govt. of India, New Delhi demanding a sum of ₹ 461.47 lakhs in respect of the Bulk Drug Metronidazole and a further sum of ₹ 591.05 lakhs in respect of the Bulk Drug Oxyphenbutazone. These amounts were claimed on hypothetical basis in 1996, under para 7(2) of DPCO 79 read with para 14 of DPCO 87 and para 12 of DPCO 95, long after repeal of DPCO 79 and DPCO 87 and gains allegedly notionally made by it by procuring the Bulk Drugs at alleged lower cost. UPLL has filed review petition against each of these claims disputing the jurisdiction, power and legal or rational basis for making such demands, particularly in view of the repeal of DPCO 79 and DPCO 87. The Company has filed Writ Petitions bearing No 446 of 2008 in respect of demand for Oxyphenbutazone & Writ Petition No. 2623 of 2007 in respect of demand for Metronidazole in Bombay High Court. These Writ Petitions have been admitted and the Hon. High Court has restrained the Government from adopting coercive steps to recover the amount till the disposal of the Writ Petition on the Company furnishing security as per the Orders. The Company has already furnished the Bank Guarantee of ₹ 402.35 lakhs as Security. As per the legal advice received by the Company, there is no liability and accordingly no provision is being made in the accounts for these claims and demands.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Central Excise, Service tax & GST demands / show causes (against which the Company has made pre deposit of ₹ 6.82 lakhs, Previous year ₹ 11.92 lakhs)	550.22	493.38
Income Tax (against which the Company has made pre deposit of ₹ 7.63 lakhs, Previous year ₹ 7.63 lakhs)	2,089.13	389.69
Sales Tax (against which the Company has made pre deposit of ₹ 0.43 lakhs, Previous year ₹ 0.43 lakhs)	4.22	8.34
Letter of Credit opened by the Banks	3,037.34	2,297.47
Guarantees issued by bank on behalf of the Company	1,753.64	1,609.76
Corporate guarantee given by the Company to a bank in respect of loan taken by a Wholly Owned Subsidiary Company. (USD 4 Million)	-	2,766.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

The Company does not expect the outcome of the matters stated above to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

Future cash outflows in respect of above matters excluding Letter of Credit is dependent on outcome of certain event and / or decisions of the relevant authorities for the matter under dispute.

39. Travelling expenses of field personnel include incidental expenses on conveyance, postage, stationery and miscellaneous expenses etc.

40. Details of Research & Development Expenditure incurred during the year at the following R&D Centers:

(₹ in lakhs)

Particulars	Thane		Panoli-API		Panoli-formulation & Development		Daman	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue Expenditure:								
Staff Cost	762.43	863.62	54.43	54.73	260.29	201.27	116.27	87.80
Power & Fuel	60.48	88.79	-	-	-	-	22.15	26.86
Travelling and Conveyance	12.90	14.59	-	0.02	3.09	2.11	-	-
R & D Raw Materials	-	21.16	-	17.46	78.88	242.34	-	47.26
Product Registration and Other Fees	-	-	-	-	131.49	241.05	-	-
Clinical Trial & Bioequivalence Studies	41.06	475.96	-	-	58.09	184.59	60.00	-
Laboratory Expenses	60.48	135.39	10.38	12.42	359.56	366.49	0.86	1.81
Others	106.30	131.97	7.82	12.62	234.85	54.42	8.23	1.61
Fees	12.21	17.66	15.14	4.50	20.65	19.69	10.00	-
Repairs and Maintenance Building	0.55	0.54	-	-	4.17	2.90	-	0.19
Total Revenue Expenditure	1,056.41	1,749.69	87.77	101.75	1,151.07	1,314.86	217.51	165.53
Capital:								
R & D Equipments	-	-	3.26	-	78.64	61.77	-	-
Laboratory Equipments	-	-	-	-	4.84	-	-	-
EDP Equipments	4.34	-	-	-	4.74	-	-	-
Office Equipments	-	0.31	-	-	-	-	-	-
Furniture and Fixtures	-	-	-	-	-	1.84	-	-
Intangibles	-	-	-	-	38.11	-	-	-
Total Capital Expenditure	4.34	0.31	3.26	-	126.33	63.61	-	-
TOTAL	1,060.75	1,750.00	91.03	101.75	1,277.40	1,378.47	217.51	165.53

41. During the current financial year, the Company completed rebuilding work of its damaged plant at its API facility at Panoli, Gujarat which met with an accident during the previous financial year due to explosion followed by fire in one of the reactor. Since then, the surveyor appointed by the insurance company has completed the process of loss assessment and has assessed claim of ₹ 1,324.89 lakhs including rebuilding cost (net of salvage value and other deductible as per policy terms) against claim of ₹ 1,557.70 lakhs (net of salvage value) made by the Company. The Company understand that the surveyor has submitted its final report with the insurance company and it is under review with the appropriate authority of the insurance company.

During the course of survey, based on the initial assessment, the insurance company made an interim payment of ₹ 600 lakhs to the Company to facilitate rebuilding work of the plant. The Company now anticipate that the claim review process would be completed by the insurance company in due course and the final claim of the company will be settled soon.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

42. EMPLOYEE BENEFITS:

a. Defined Contribution Plan

Contribution to defined contribution plan, recognized as expense for the year are as under:

(₹ in lakhs)

Particulars	2019-20	2018-19
Employer's Contribution to Provident Fund & Family Pension Fund	1,327.33	1,171.51
Employer's Contribution to Superannuation Fund	227.95	235.45
Employer's Contribution to various Insurance Schemes	130.34	153.05

b. Defined Benefit Plan- Gratuity

Gratuity is payable to all eligible employees of the Company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

i. Changes in Present Value of defined Benefit Obligation during the year:

(₹ in lakhs)

Particulars	2019-20	2018-19
Present value of Defined Benefit Obligation at the beginning of the year	4,661.91	4,540.39
Interest Cost	362.70	356.87
Current Service Cost	266.34	230.97
Benefit Paid from the Fund	(687.70)	(398.12)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	286.01	22.44
Actuarial (Gains)/Losses on Obligations - Due to Experience	333.07	(90.64)
Present value of Defined Benefit Obligation at the end of the year	5,222.33	4,661.91

ii. Changes in fair value of plan assets during the year:

(₹ in lakhs)

Particulars	2019-20	2018-19
Fair Value of Plan Assets at the Beginning of the year	4,955.33	3,384.76
Interest Income	385.52	266.04
Contributions by the Employer	334.05	1,725.88
Benefit paid from the Fund	(687.70)	(398.12)
Return on Plan Assets, Excluding Interest Income	(57.66)	(23.24)
Fair Value of Plan Assets at the end of the year	4,929.54	4,955.32

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

iii. Net (asset)/liability recognized in the balance sheet: (₹ in lakhs)

Particulars	31-03-2020	31-03-2019
Present Value of Benefit Obligation at the end of the year	5,222.33	4,661.91
Fair Value of Plan Assets at the end of the year	(4,929.54)	(4,955.32)
Net (asset)/liability recognized in the Balance Sheet	292.79	(293.41)
Net liability – current (refer Note No. 29)	292.79	–

iv. Expenses recognized in the statement of profit and loss for the year: (₹ in lakhs)

Particulars	2019-20	2018-19
Current Service Cost	266.34	230.97
Net Interest Cost	(22.83)	90.83
Expenses recognized	243.51	321.80

v. Expense Recognized in other comprehensive income for the year: (₹ in lakhs)

Particulars	2019-20	2018-19
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	286.01	22.44
Actuarial (Gains)/Losses on Obligations - Due to Experience	333.07	(90.64)
Return on Plan Assets, Excluding Interest Income	57.66	23.24
Net (Income)/Expense For the Period Recognized in OCI	676.74	(44.96)

vi. Actuarial assumptions:

Particulars	2019-20	2018-19
Expected Return on Plan Assets	6.82%	7.78%
Rate of Discounting	6.82%	7.78%
Rate of Salary Increase	4.00%	4.00%
Rate of Employee Turnover	2.00%	2.00%

vii. Maturity profile of defined benefit obligation: (₹ in lakhs)

Particulars	2019-20	2018-19
Within 1 year	970.11	859.49
1-2 Year	406.59	361.06
2-3 Year	830.89	454.22
3-4 Year	365.80	590.49
4-5 Year	426.91	373.14
5-10 Year	1,804.40	1,927.08

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

viii. Sensitivity analysis for significant assumptions is as below:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected Benefit Obligation on Current Assumptions	5,222.33	4,661.91
Delta Effect of +1% Change in Rate of Discounting	(297.16)	(264.07)
Delta Effect of -1% Change in Rate of Discounting	340.84	302.41
Delta Effect of +1% Change in Rate of Salary Increase	347.19	311.01
Delta Effect of -1% Change in Rate of Salary Increase	(307.44)	(275.51)
Delta Effect of +1% Change in Rate of Employee Turnover	68.74	92.71
Delta Effect of -1% Change in Rate of Employee Turnover	(77.91)	(105.38)

ix. Investment details:

The Company made annual contribution to the LIC of an amount advised by the LIC. The Company was not informed by LIC of the investments made or the break-down of the plan assets by investment type.

c. Leave Encashment:

The Company's employees are entitled for compensated absences which are allowed to be accumulated and encashed as per the Company's rule. The liability of compensated absences, which is non-funded, has been provided based on report of independent actuary using "Projected Unit Credit Method". Accordingly, the Company has made provision for compensated absences for the year of ₹ 211.78 lakhs (Previous year ₹ 4.02 lakhs) and accumulated liability is ₹ 918.77 lakhs (Previous year ₹ 706.98 lakhs) as of March 31, 2020.

43. SEGMENT REPORTING:

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the decision maker's at respective entity level in assessing the performance and deciding on allocation of resources. The Company, accordingly has only one reportable business segment i.e. 'Pharmaceuticals'.

The Company has presented data relating to its geographical information in its consolidated financial statements. In accordance with paragraph 4 of the Indian Accounting Standard (Ind AS 108) "Operating Segments", no disclosures related to geographical information are presented in this standalone financial statement.

44. Exceptional item of ₹ 1,000.00 lakhs represent amount payable on account of compensation to be deposited with Gujarat Pollution Control Board ordered by the Supreme Court in accordance with the precautionary principle vide its judgement dated April 1, 2020 in pursuance of the appeal filed by the Company against the order dated January 8, 2016 passed by the National Green Tribunal (NGT). Supreme Court, vide the said judgement, set aside NGT's direction for closure of the Company's API Unit at Panoli, Gujarat and revocation of environmental clearance granted to the said Unit.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

45. DEFERRED TAX:

The major components of deferred tax liabilities and assets arising on account of timing differences are as follows:

As at March 31, 2020

(₹ in lakhs)

Particulars	As at April 1, 2019	Recognised/ reversed through profit and loss	Recognised in other comprehensive income	As at March 31, 2020
Tax effect of item constituting deferred tax liabilities				
i. Property, plant and equipment	5,401.93	(1,526.37)	–	3,875.56
ii. Fair valuation of Investment designated as FVTPL	2,231.31	302.08	–	2,533.39
	7,633.24	(1,224.29)	–	6,408.95
Tax effect of item constituting deferred tax assets				
i. Retirement benefits	247.05	(112.45)	170.32	304.92
ii. Others	271.07	(51.62)	–	219.45
	518.12	(164.07)	170.32	524.37
Net deferred tax liability/ (asset)	7,115.12	(1,060.22)	(170.32)	5,884.58

As at March 31, 2019

(₹ in lakhs)

Particulars	As at April 1, 2018	Recognised/ reversed through profit and loss	Recognised in other comprehensive income	MAT (Utilised)/ Available	As at March 31, 2019
Tax effect of item constituting deferred tax liabilities					
i. Property, plant and equipment	5,038.42	363.51	–	–	5,401.93
ii. Fair valuation of Investment designated as FVTPL	1,800.55	430.76	–	–	2,231.31
	6,838.97	794.27	–	–	7,633.24
Tax effect of item constituting deferred tax assets					
i. Employee benefits	643.22	(380.46)	(15.71)	–	247.05
ii. MAT credit entitlement	999.47	–	–	(999.47)	–
iii. Others	226.13	44.94	–	–	271.07
	1,868.82	(335.52)	(15.71)	(999.47)	518.12
Net deferred tax liability/ (asset)	4,970.15	1,129.79	15.71	999.47	7,115.12

The Company has unused tax losses under the head long term capital gain under the Income Tax Act, 1961. Based on the probable uncertainty regarding the set off of these losses, the Company has not recognized the following deferred tax asset in the Balance Sheet:

(₹ in lakhs)

Financial Year	As at March 31, 2020	Expiry Date	As at March 31, 2019	Expiry Date
2015 – 2016	84.19	March 31, 2024	247.70	March 31, 2024

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

46. RELATED PARTY DISCLOSURE:

Related party disclosure as required by Ind AS 24, 'Related Party Disclosures' notified under Section 133 of the Companies Act, 2013, are given below:

Names and Relationships of the Related Parties:

I Subsidiary Companies:

- a. OOO Unique Pharmaceutical Laboratories
- b. Unique Pharmaceutical Laboratories FZE
- c. Biotech Laboratories (Pty.) Ltd. (Through Unique Pharmaceutical Laboratories FZE)

II Associate Concerns/Trusts/Companies:

- | | |
|--------------------------------|--|
| a. Mody Trading Company | k. Shirish Mody Enterprises LLP |
| b. Mody Brothers | l. Bharati Mody Ventures LLP |
| c. Jyotindra Family Trust | m. Synit Drugs Pvt. Ltd. |
| d. Dinesh Family Trust | n. Unique Pharmaceutical Laboratories Ltd. |
| e. Shirish Family Trust | o. Ifiunik Pharmaceuticals Ltd. |
| f. Lekar Pharma Ltd. | p. Namplas Chemicals Pvt. Ltd. |
| g. J.B. Mody Enterprises LLP | q. Gemma Jewellery Pvt. Ltd. |
| h. Ansuya Mody Enterprises LLP | r. Jyotindra Mody Ventures LLP |
| i. Dinesh Mody Ventures LLP | s. D. B. Mody Enterprises LLP |
| j. Kumud Mody Ventures LLP | t. Shirish Mody Property LLP |

III Key Management Personnel (KMP):

- a. Shri Jyotindra B. Mody
- b. Shri Dinesh B. Mody (upto 28-08-2019)
- c. Shri Shirish B. Mody
- d. Shri Bharat P. Mehta
- e. Shri Pranabh D. Mody
- f. Shri Kamlesh L. Udani

IV Relative of KMP:

- a. Mrs. Kumud D. Mody
- b. Mrs. Bharati S. Mody
- c. Mrs. Pallavi B. Mehta
- d. Mrs. Purvi U. Asher
- e. Mrs. Deepali A. Jasani
- f. Mrs. Priti R. Shah
- g. Shri Nirav S. Mody
- h. Shri Jay B. Mehta
- i. D. B. Mody HUF
- j. S. B. Mody HUF

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

Following transactions were carried out with related parties

(₹ in lakhs)

Name of Related Party	Nature of Transaction	2019-20	2018-19
(I) Subsidiary Companies :			
a.	OOO Unique Pharmaceuticals Laboratories - Russia		
	Sale of goods	5,806.10	5,178.58
	O/S Receivable	3,652.16	3,861.39
	Sales Promotion Expenses paid	2,843.40	2,893.59
	O/S Payable	482.53	585.60
b.	Unique Pharmaceutical Laboratories FZE (Dubai)		
	Sale of goods	-	(17.05)
	Guarantee Commission Income	4.53	13.83
	O/S Receivable	-	13.83
	O/S Corporate Guarantee given for Loan taken by subsidiary (USD 4 Million)	-	2,766.00
c.	Biotech Laboratories (Pty.) Ltd.		
	Sale of goods	4,939.91	3,712.00
	Technical Service Fee	97.76	104.94
	Other Income	-	12.03
	O/S Payable	-	2.31
	O/S Receivable	2,265.07	1,299.60
(II) Associate Concern / Trusts / Companies:			
a.	Jyotindra Family Trust		
	Payment of Rent	37.51	37.51
	O/S Receivable	9.68	9.68
b.	Dinesh Family Trust		
	Payment of Rent	8.35	8.35
	O/S Receivable	3.50	3.50
c.	Shirish Family Trust		
	Payment of Rent	8.35	8.35
	O/S Receivable	3.50	3.50
d.	J. B. Mody Enterprises LLP		
	Payment of Rent	3.96	5.95
	Rent deposit refund	1.26	-
	O/S Receivable	-	1.26
e.	Dinesh Mody Ventures LLP		
	Payment of Rent	3.96	5.95
	Rent deposit refund	1.26	-
	O/S Receivable	-	1.26
f.	Shirish Mody Enterprises LLP		
	Payment of Rent	3.96	5.95
	Rent deposit refund	1.26	-
	O/S Receivable	-	1.26
g.	Jyotindra Mody Ventures LLP		
	Payment of Rent	261.10	261.10
	Reimbursement of Expenses	8.81	10.58
	O/S Receivable	110.64	110.64
h.	D. B. Mody Enterprises LLP		
	Payment of Rent	261.10	261.10
	O/S Receivable	110.64	110.64

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

(₹ in lakhs)

Name of Related Party		Nature of Transaction	2019-20	2018-19
i.	Shirish Mody Property LLP	Payment of Rent	261.10	261.10
		O/S Receivable	110.64	110.64
j.	Unique Pharmaceutical Laboratories Ltd.	Royalty paid	1,120.13	1,120.02
		Purchase of Trade mark	896.00	-
k.	Namplas Chemicals Pvt. Ltd.	Processing Charges	22.79	35.29
		O/S Payable	-	3.22
l.	Gemma Jewellery Pvt. Ltd.	Purchases of goods	-	2.59
m.	Lekar Pharma Ltd.	Sale of goods	155.88	96.41
		Purchases of goods	6,315.52	5,484.14
		Receipt of Manufacturing Charges	93.37	101.53
		O/S Payable	1,252.13	897.66
(III)	Key Management Personnel :			
a.	Shri Jyotindra B. Mody	Remuneration	600.72	572.11
		Retirement benefit Expenses*	72.09	68.65
b.	Shri Dinesh B. Mody	Remuneration	262.18	572.11
		Retirement benefit Expenses*	28.05	68.65
		Gratuity	525.66	-
c.	Shri Shirish B. Mody	Remuneration	600.72	572.11
		Retirement benefit Expenses*	72.09	68.65
d.	Shri Bharat P. Mehta	Remuneration	272.42	247.65
		Retirement benefit Expenses*	36.78	33.43
e.	Shri Pranabh D. Mody	Remuneration	272.42	247.65
		Retirement benefit Expenses*	36.78	33.43
f.	Shri Kamlesh L. Udani	Remuneration	180.20	160.18
		Retirement benefit Expenses*	24.33	21.62
IV	Relative of Key Management Personnel:			
a.	Shri Nirav S. Mody	Remuneration	172.24	160.40
		Retirement benefit Expenses*	23.25	21.80
b.	Shri Jay B. Mehta	Remuneration	172.24	160.40
		Retirement benefit Expenses*	23.25	21.80
c.	D. B. Mody – HUF	Payment of Rent	29.16	29.16
		O/S Payable	2.22	-
		O/S Receivable	6.18	6.18
d.	S. B. Mody – HUF	Payment of Rent	29.16	29.16
		O/S Receivable	6.18	6.18

* Excludes provision for compensated leave and gratuity for KMP and Relative of KMP as both liabilities are provided on overall Company basis and not identified separately in actuarial valuation.

Note: Figures are inclusive of GST where ever applicable.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

47. EARNINGS PER SHARE:

Particulars	2019-20	2018-19
Net Profit attributable to Equity Shareholders (₹in lakhs)	26,814.40	18,205.92
Weighted Average No. of Equity shares (Nos)		
Basic	79,556,692	82,190,980
Diluted	79,556,692	82,190,980
Nominal value of equity shares (₹)	2.00	2.00
Earnings per share (₹)		
Basic	33.70	22.15
Diluted	33.70	22.15

48. The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied this Standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognized on the date of initial application, that is, April 1, 2019. Accordingly, the Company has not restated comparative information.

Company measures lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, and measure that right-of-use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application. This has resulted in recognizing a right-of-use (ROU) assets of ₹ 1,339.12 lakhs and lease liability of ₹ 1,301.10 lakhs as at April 1, 2019.

The effect of this adoption is not significant on the profit and loss for the year and earning per share.

A) Following are the changes in the carrying amount of Right-of-Use Assets for the year ended March 31, 2020.

(₹ in lakhs)

Particulars	2019 -2020
Office Buildings	
Balance as on April 1, 2019	Nil
On Transition to Ind AS 116	1,339.12
Additions during the year	-
Deletion on Cancellation of lease	16.85
Depreciation on ROU – Office Buildings	782.95
Depreciation on deletion	10.85
Balance as on March 31, 2020	550.17

B) The following is the movement in Lease Liabilities for the year ended March 31, 2020.

(₹ in lakhs)

Particulars	2019 -2020
Balance as on April 1, 2019	Nil
On Transition to Ind AS 116	1,301.10
Additions during the year	-
Finance Cost incurred during the year	70.92
Deletion on Cancellation of lease	6.17
Payment of lease liabilities	811.09
Balance as on March 31, 2020	554.76

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

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

(₹ in lakhs)

Particulars	2019 -2020
Due within one year	464.82
Due within One year to five years	122.99
Total undiscounted Lease Liabilities	587.81
Lease Liabilities included in the Statement of Financial Position	
Non – Current Liabilities	109.37
Current Liabilities	445.39
Total	554.76

The Company does not face a liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

C) The following amounts are recognized in the Statement of Profit and Loss for the year ended March 31, 2020:

(₹ in lakhs)

Particulars	2019 -2020
Interest Expenses on Financial Liabilities	70.92
Depreciation on lease Rent / ROU of Assets	782.95
Expenses relating to Short Term Lease	22.33
Expenses relating to Leases of Low Value Assets	10.96
Total	887.16

D) The following amounts are recognized in the Statements of Cash Flows for the year ended March 31, 2020:

(₹ in lakhs)

Particulars	2019 -2020
Total Cash Outflows for leases	811.09

49. CSR Expenditure

Gross amount required to be spent during the year ₹442.36 lakhs (Previous year ₹ 418.55 lakhs). Amount spent during the year ₹ 442.47 lakhs (Previous year ₹ 410.73 lakhs) as detailed hereunder:

(₹ in lakhs)

Nature of activity	2019-20	2018-19
Promoting Healthcare including preventive healthcare	412.40	344.27
Promotion of Education	30.07	66.05
Eradication of Poverty and malnutrition	–	0.41

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

50. Pursuant to section 186(4) of the Companies Act, 2013, the particulars of amount outstanding under guarantee given is as follows :

(₹ in lakhs)

Name of entity	Nature of transaction and material terms	Purpose for which loan / guarantee proposed to be utilized by the recipient	As at March 31, 2020	As at March 31, 2019
Unique Pharmaceutical Laboratories FZE, a wholly owned subsidiary	Corporate guarantee. Guarantee commission charged @ 0.50 %.	Guarantee given to facilitate borrowing from bank by the wholly owned subsidiary for meeting working capital needs.	Nil	2,766.00 (USD 4 million)

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

Company has exposure to following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

Company's Board of directors has overall responsibility for establishment of Company's risk management framework. Management is responsible for developing and monitoring Company's risk management policies, under the guidance of Audit Committee. Management identifies, evaluate and analyses the risks to which Company is exposed to and set appropriate risk limits and controls to monitor risks and adherence to limits.

Management periodically reviews its risk policy and systems to assess need for changes in the policies to adapt to the changes in market conditions and align the same to the business of the Company. Management through its interaction and training to concerned employees aims to maintain a disciplined and constructive control environment in which concerned employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks to which Company is exposed. The Audit Committee is assisted in its role by the internal auditor wherever required. Internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds and financial institutions, foreign exchange transactions and other financial instruments.

The Company has adopted a policy of only dealing with counterparties that have sufficiently high credit standards and financial strength. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the several counterparties.

Credit risk arising from derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the reputed credit rating agencies.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

As regards credit risk for investment in mutual funds, the Company limits its exposure to credit risk by investing mainly in debt securities issued by mutual funds which are of high credit ranking from rating agency like CRISIL or the equivalent rating agency. Company monitors changes in credit risk by tracking published external credit ranking. Based on its on-going assessment of counterparty risk, Company adjusts its exposure to various counterparties from time to time.

Credit risk from Trade receivables is managed by the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are mainly from stockist, distributors and direct customers and are non-interest bearing. Trade receivables generally ranges from 30 days to 180 days credit term. Credit limits are established for all customers based on internal criteria and any deviation in credit limit require approval of Head of the department and / or Directors depending upon the quantum and overall business risk. Majority of the customers have been doing business with the Company for more than 3 years and they are being monitored by individual business managers who deals with those customers. Management monitors trade receivables on regular basis and take suitable action where needed to control the receivables crossing set criteria / limits. Also, in case of international business, particularly new customers, management reviews the business risk by evaluating economic situation of the country and the customers and generally starts the relation either on advance payment or on the basis of confirmed irrevocable letter of credit.

Management does an impairment analysis at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Further, the Company's customers base is widely distributed both economically as well as geographically and in view of the same, the quantum risk also gets spread across wide base and hence management considers risk with respect to trade receivable as low.

For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

Expected credit loss for trade receivables under simplified approach as at the end of each reporting period is as follows:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Gross carrying amount	34,737.91	30,299.20
Expected credit loss at simplified approach	314.00	314.00
Carrying amount of trade receivables (Net of impairment)	34,423.91	29,985.20

b) Liquidity risk:

Liquidity risk is the risk that Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. Company closely monitors its liquidity position and deploys a robust cash management system.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash or cash equivalent available to meet all its normal operating commitments in a timely and cost-effective manner. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels. Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next three to six months.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

Exposure to Liquidity Risk

The following are the remaining contractual maturities of undiscounted financial liabilities at the reporting date.

(₹ in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Less than 1 Year	More than 1 Year	Total	Less than 1 Year	More than 1 Year	Total
Non-Derivatives						
Borrowings	3,203.61	–	3,203.61	2,579.77	–	2,579.77
Trade Payable	11,135.02	–	11,135.02	11,132.73	–	11,132.73
Other Financial Liabilities	10,762.92	109.37	10,872.29	6,983.33	–	6,983.33
Derivatives						
Forward Contract	389.69	–	389.69	–	–	–

c Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks:

- interest rate risk;
- currency risk; and
- Equity price risk.

Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not used any interest rate derivatives.

The Company's interest-bearing financial instruments are as follows :

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Bank Overdraft	325.60	325.52
Export Packing Credit in Rupees	2,000.00	2,000.00
Export Packing Credit in Foreign Currency	623.76	–
Total	2,949.36	2,325.52

The Company has insignificant interest-bearing financial instruments as referred above and hence the exposure to risk of changes in market interest rates is very low.

ii) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. Primarily, the exposure in foreign currencies are denominated in USD, EURO and RUBLE. At any point in time, Company covers foreign currency risk by taking appropriate percentage of its net foreign

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

currency exposure by entering into forward exchange contracts on past performance basis mostly with a maturity of less than one year from the reporting date. In respect of monetary assets and liabilities denominated other than in USD, EURO and RUBLE, Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

All such hedged transactions are carried out within the guidelines set by the risk management committee. The Company does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

(₹ in lakhs)

Currency	Liabilities		Assets	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
USD	1,402.68	901.25	15,300.82	16,635.06
EURO	191.58	86.97	3,867.53	1,873.53
AUD	230.27	1.22	1,399.00	1,321.71
RUB	482.53	600.64	3,652.16	3,861.39
AED	475.06	–	1,336.48	945.87
Others	–	2.09	–	–

Details of Hedged exposure in foreign currency denominated monetary items

The Company enters into forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transactions based on past performance. The Company does not enter into any derivative instruments for trading or speculative purpose.

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency	As at March 31, 2020		As at March 31, 2019	
	F.C. (in Mn.)	₹ in lakhs	F.C. (in Mn.)	₹ in lakhs
Forward contract to sell USD	21.72	16,392.84	20.25	14,002.88
Forward contract to sell Euro	3.92	3,260.18	0.25	195.70
Forward contract to sell Ruble	292.00	2,771.37	362.00	3,857.83

Details of Unhedged exposure in foreign currency denominated monetary items:

Currency	As at March 31, 2020		As at March 31, 2019	
	F.C. (in Mn.)	₹ in lakhs	F.C. (in Mn.)	₹ in lakhs
RECEIVABLE:				
USD	–	–	3.81	2,632.19
EURO	0.73	607.35	2.14	1,677.83
AUD	3.00	1,399.00	2.69	1,321.71
RUBLE	92.80	880.78	0.33	3.56
AED	6.50	1,336.48	5.00	945.87

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

Currency	As at March 31, 2020		As at March 31, 2019	
	F.C. (in Mn.)	₹ in lakhs	F.C. (in Mn.)	₹ in lakhs
PAYABLE:				
USD	1.86	1,402.68	1.30	901.25
EURO	0.23	191.58	0.11	86.97
AUD	0.50	230.26	–	1.22
RUBLE	50.84	482.53	56.36	600.64
AED	2.31	475.06	–	–
OTHERS	–	–	–	2.09

The Company is mainly exposed to changes in USD, EURO and RUBLE. The below table demonstrates the sensitivity to a 1% increase or decrease in the USD, EURO and RUBLE against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 1% represents management's assessment of reasonably possible change in foreign exchange rate.

(₹ in lakhs)

Particulars	Currency	As at	As at
		March 31, 2020	March 31, 2019
1% Depreciation in INR	USD	(24.95)	17.31
1% Appreciation in INR	USD	24.95	(17.31)
1% Depreciation in INR	EURO	4.16	15.91
1% Appreciation in INR	EURO	(4.16)	(15.91)
1% Depreciation in INR	RUB	3.98	(5.97)
1% Appreciation in INR	RUB	(3.98)	5.97

iii) Equity Price risk:

Company does not have any exposure to equity price risk, as there is no major investment in equity except in its own subsidiaries and accordingly, exposure to risk of changes in price is very low.

52. CAPITAL MANAGEMENT:

For the purpose of the Company's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard the Company's ability to remain as a going concern and to maintain an optimal capital structure so as to maximise shareholder's value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plan. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or buy-back of shares. The current capital structure of the Company is equity based with low financing through borrowings. The Company is not subject to any externally imposed capital requirement.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

53. FAIR VALUE MEASUREMENT

A. The Carrying value and Fair value of financial assets and liabilities by categories are as follows:

(₹ in lakhs)

Particulars	Carrying value of the financial assets/liabilities		Fair value of the financial assets/liabilities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial Assets at amortized cost (non-current)				
Investment in Government securities	–	0.29	–	0.29
Loans	28.10	358.86	28.10	358.86
Other financial assets	13.23	15.82	13.23	15.82
Financial Assets at amortized cost (current)				
Trade receivables	34,423.91	29,985.20	34,423.91	29,985.20
Cash and bank balance	1,156.29	2,076.80	1,156.29	2,076.80
Loans	401.88	70.95	401.88	70.95
Other financial assets	721.07	1,303.57	721.07	1,303.57
Financial liabilities at amortized cost (current)				
Borrowings	3,203.61	2,579.77	3,203.61	2,579.77
Trade payables	11,135.02	11,132.73	11,135.02	11,132.73
Others	10,762.92	6,983.33	10,762.92	6,983.33
Financial Assets at Fair value through profit & loss (non-current)				
Investment	6,945.45	9,587.27	6,945.45	9,587.27
Financial Assets at Fair value through profit & loss (current)				
Investment	33,381.26	36,064.99	33,381.26	36,064.99
Forward contract	–	374.74	–	374.74
Financial Liabilities at Fair value through profit & loss (current)				
Forward contract	389.69	–	389.69	–

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

B. Level-wise disclosures of financial assets and liabilities by categories are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Level	Valuation techniques and key inputs
Financial Assets at amortized cost (non-current)				
Deposit for premises	11.73	338.85	3	Discounted cash flow method using interest rate for similar financial instrument.
Financial Assets at Fair value through profit & loss (non-current)				
Investment in Mutual Fund	5,656.98	8,383.80	1	Quoted NAV in active markets.
Investment in Equity shares	1,288.47	1,203.47	3	Value based on the NAV as per latest audited financial statement available.
Financial Assets at amortized cost (current)				
Deposit for premises	347.13	–	3	Discounted cash flow method using interest rate for similar financial instrument.
Financial Assets at Fair value through profit & loss (current)				
Investment in Mutual Fund	33,381.26	36,064.99	1	Quoted NAV in active markets.
Forward contract	–	374.74	2	Forward contracts are valued using available information from the banks.
Financial Liabilities at Fair value through profit & loss (current)				
Forward contract	389.69	–	2	Forward contracts are valued using available information from the banks.

Fair value of cash and cash equivalents, short term loans, trade receivables, trade payables, other financial assets/liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2019.

During the reporting period ended March 31, 2020 and March 31, 2019, there were no transfers between level 1, level 2 and level 3 fair value measurements.

C) Reconciliation of the opening and closing balances for Level 3 fair value:

(₹ in lakhs)

Particulars	Investment in Equity shares	Deposit for premises
Opening Balance as on April 1, 2019	1,203.47	338.85
Addition during the year	–	–
Deletion during the year	–	3.78

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

(₹ in lakhs)

Particulars	Investment in Equity shares	Deposit for premises
Interest Income - Others	–	23.79
Fair value changes of Investment designated as FVTPL	85.00	–
Closing Balance as on March 31, 2020	1,288.47	358.86

One percentage point change in the unobservable inputs used in fair valuation of level 3 assets or liabilities does not have significant input in its value.

54. EVENTS AFTER THE REPORTING PERIOD

The Board of directors have recommended final dividend of ₹ 1/- per fully paid up equity shares of ₹ 2/- each amounting to ₹ 772.82 lakhs for the financial year 2019-20, which is based on relevant share capital as on March 31, 2020. The actual dividend amount will be dependent on the relevant share capital outstanding as on record date / book closure.

55. The world is going through a challenging time on account of spread of COVID -19 virus. The World Health Organization (WHO) has declared the situation as global pandemic. According to the WHO and medical practitioner's advisory, many Government across the world, have, inter alia, declared social distancing and lockdown as measure to prevent the rapid spread of virus. During March 2020, the Government of India has also declared nationwide lockdown to curb the spread of COVID -19 virus.

However, in order to facilitate livelihood and minimize inconvenience to the people, government of India has categorized certain businesses/activities as "essential good/ services" and have permitted carrying on of those activities with due precaution during the lockdown. Since the Company is in the business of manufacturing and marketing of pharmaceutical products which is categorized as "essential goods/services", the Company is able to continue its business during the lockdown. However, the situation of lockdown has led to lot of uncertainty and disruption with regard to movement of people and material. The Company is therefore, carrying on its activities with due care and precaution and there is no significant adverse impact on the business.

The Company has also considered several internal and external information while finalizing various estimates and recoverability of receivables, goodwill, intangible assets, investments and other assets up to the date of approval of the Standalone financial statements by the Board of Directors and the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets. Management continues to closely monitor the situation and changes to future economic conditions which may be caused due to COVID-19.

56. Figures of previous year have been re-grouped, rearranged and recast, wherever considered necessary. Figures in brackets indicate corresponding figures of previous year.

As per our report of even date

For D N V & Co.

Chartered Accountants
Firm Registration No. 102079W

Bharat Jain

Partner
Membership No. 100583

Place: Mumbai
Date : June 25, 2020

For and on behalf of the Board of Directors

J. B. Mody

Chairman & Managing Director
DIN : 00034851

Vijay D. Bhatt

Chief Financial Officer

Place: Mumbai
Date : June 25, 2020

S. B. Mody

Whole-time Director (Marketing)
DIN : 00035051

M. C. Mehta

Company Secretary
ACS : 8854

INDEPENDENT AUDITOR'S REPORT

To the Members of **J. B. Chemicals & Pharmaceuticals Limited**

Report on the Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of **J. B. Chemicals & Pharmaceuticals Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, 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 accounting principles generally accepted in India including Indian Accounting Standards ("Ind AS") specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules as amended, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit and other comprehensive income, the consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Description of Key Audit Matter:

Impairment of Property, Plant and Equipment (PPE) and Intangible Assets

Key Audit matter	How the matter was addressed in our Audit
<p>The carrying amount of PPE (including ROU) is ₹ 56,802.97 lakhs and Intangible Assets is ₹ 3,009.24 lakhs, which represents 32.98% of the total assets.</p> <p>The Company has intangibles in form of Product Dossier and Trademark with indefinite useful economic life.</p> <p>The Company has substantial amount of PPE mainly, assets at manufacturing sites. The values in use of these PPE have been determined based on certain assumptions and estimates of future performance.</p>	<p>In view of the significance of the matter our procedures in this area included the following:</p> <p>As regards PPE,</p> <ul style="list-style-type: none"> • Verification of records on test basis relating to few big / critical assets at manufacturing sites from operational perspective and its economic value. • Testing the design, implementation and operating effectiveness of key controls over the impairment review process including the review and approval of future performance. • Evaluating the past performances where relevant and assessing historical accuracy of the forecast produced by management.

2. Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

3. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Key Audit matter	How the matter was addressed in our Audit
<p>Management reviews the assets regularly and performs impairment test annually either individually or at cash generating unit level and accordingly, provide for the same if found significant and required.</p> <p>Due to the significance of the value of the PPE and Intangible Assets, the inherent uncertainty and judgment involved in forecasting performance and the estimates involved in determining future performance, we have considered these estimates to be significant to our overall audit strategy and planning.</p> <p>(Refer note no 2.10, 2.11 and 2.13 of consolidated financial statement for accounting policies in respect of Property, Plant and Equipment and Intangible Assets).</p>	<p>In respect of intangibles in form of Product Dossier and Trademark with indefinite useful economic life, we have taken cognizance of:</p> <ul style="list-style-type: none"> • Value recorded in the books (at cost) with contract of purchase for the Product Dossiers and Trademark; • Independent valuer report of trademark recently acquired during the year; • The amount realized in past sale transaction and resulted in an amount that exceeded the asset's carrying amount by a substantial margin on sale of some of the product dossier; and • Company's plans to develop few products in house out of the acquired dossier formulae. <p>We have also considered whether events or transactions that occurred after the balance sheet date but before the reporting date affect the conclusions reached on the carrying values of the assets and associated disclosures made in the consolidated financial statements.</p>

Inventory of raw material, work in progress and finished goods (Existence) – (Holding Company):

Key Audit matter	How the matter was addressed in our Audit
<p>Management's physical verification of inventories was not physically observed by us at the year-end or subsequent to the year-end due to the restrictions imposed on account of COVID-19.</p> <p>(Refer note no 11 of consolidated financial statement).</p>	<p>On account of COVID – 19 related nationwide lockdown, we were unable to carry out inventory verification at the year-end or subsequent to the year-end. Inventories, being material to the financial statements of the Company, we have performed following alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items", which includes:</p> <ul style="list-style-type: none"> • Evaluated the design and implementation of the controls over physical verification of inventory and tested the operating effectiveness of these controls during the interim periods. • Inspection of supporting documentation relating to purchases, production, sales, results of cyclical count performed by the management through the year and such other third party evidences where applicable; • Obtained verification reports of the Internal Auditor and independent chartered accountant firms which were engaged by the Company for managing inventory verification process at year-end at factories, branches and CNF locations and also verified the instructions provided by the management in respect of the same; and • Performed Roll back and forward procedure wherever required. Evaluated the differences identified by these independent firms during their physical verification of inventories and it was noted that there were no major deviations found.

INDEPENDENT AUDITOR'S REPORT (Contd.)

4. Information Other than the Consolidated Financial Statements and Auditor's Report Thereon ("Other Information")

The Holding Company's management and Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report and based on the work done / audit report of other auditors, 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.

5. Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group, 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 are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial 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 Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each Company 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.

The respective Board of Directors of the companies included in the Group is also responsible for overseeing the financial reporting process of each Company.

6. Auditor's Responsibilities 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group 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 management.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 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 (Holding Company and Subsidiaries) 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 such entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of the 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 other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in paragraph of the "Other Matters" below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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 Holding Company 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.

7. Other Matters

We did not audit the financial statements / financial information of 3 subsidiaries, whose financial statements / financial information reflect total assets of ₹ 21,350.20 lakhs as at March 31, 2020, total revenues of ₹ 27,034.52 lakhs and net cash inflows amounting to ₹ 335.61 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial informations have been audited by other auditors whose reports have been furnished to us by the management 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 sub-sections (3) and (11) 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.

Subsidiaries which are located outside India, whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located

INDEPENDENT AUDITOR'S REPORT (Contd.)

outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, 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 statements / financial information certified by the Management.

8. Report on Other Legal and Regulatory Requirements

- 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 Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- II. As required by section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) 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), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows 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) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2020 and taken on record by the

Board of Directors of the Holding Company (since the Holding Company is the only Company in the group incorporated in India), none of the directors of the Holding Company 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.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the group and operating effectiveness of such controls, refer to our report on the internal financial controls over financial reporting given in Annexure B to the Independent Auditor's Report on standalone financial statement, since the Holding Company is the only Company in the group incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, for the reasons stated therein.
- g) 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- Refer Note 37 to the consolidated financial statements;
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

For D N V & CO

Chartered Accountants

Firm's registration No.: 102079W

CA Bharat Jain

Partner

Membership No.: 100583

UDIN: 20100583AAAACJ3856

Place : Mumbai

Date : June 25, 2020

CONSOLIDATED BALANCE SHEET

As at March 31, 2020

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
(I) Non-Current Assets			
(a) Property, Plant and Equipment	5	56,802.98	54,441.67
(b) Capital work-in-progress		1,616.69	1,508.99
(c) Goodwill		5,314.00	5,314.00
(d) Other Intangible assets	6	3,009.24	2,337.75
(e) Financial Assets			
(i) Investments	7	6,945.45	9,587.56
(ii) Loans	8	28.10	358.86
(iii) Other financial assets	9	13.23	15.82
(f) Other non-current assets	10	353.58	514.99
Total Non-Current Assets		74,083.27	74,079.64
(II) Current Assets			
(a) Inventories	11	27,466.97	24,375.77
(b) Financial Assets			
(i) Investments	12	33,381.26	36,064.99
(ii) Trade receivables	13	34,542.62	30,822.36
(iii) Cash and cash equivalents	14	2,900.79	3,539.68
(iv) Bank balances other than (iii) above	14	194.02	140.03
(v) Loans	15	421.22	140.23
(vi) Others	16	721.07	1,707.19
(c) Current Tax Assets (Net)	17	1,564.00	715.06
(d) Other current assets	18	6,080.89	7,609.91
Total Current Assets		107,272.84	105,115.22
TOTAL ASSETS		181,356.11	179,194.86
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	19	1,545.64	1,604.73
(b) Other Equity	20	142,003.29	146,407.51
Equity attributable to equity holder of the Parent		143,548.93	148,012.24
(c) Non-Controlling interest		250.10	280.33
Total Equity		143,799.03	148,292.57
LIABILITIES			
(I) Non-Current Liabilities			
(a) Provisions	21	738.68	572.89
(b) Deferred tax liabilities (Net)	22	4,814.04	5,690.73
(c) Other non-current financial liabilities	23	122.92	-
(d) Other non-current liabilities	24	596.84	220.29
Total Non-Current Liabilities		6,272.48	6,483.91
(II) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	25	3,203.61	2,579.77
(ii) Trade payables	26		
A) Dues to Micro and Small Enterprises		945.29	787.01
B) Due to Other than Micro and Small Enterprises		11,433.96	10,950.45
(iii) Other financial liabilities	27	11,710.49	7,558.87
(b) Other current liabilities	28	2,677.82	1,750.89
(c) Provisions	29	711.38	397.72
(d) Current Tax Liabilities (Net)	30	602.05	393.67
Total Current Liabilities		31,284.60	24,418.38
TOTAL EQUITY AND LIABILITIES		181,356.11	179,194.86
See accompanying notes to the Consolidated financial statements	1 to 54		

As per our report of even date
For D N V & Co.
Chartered Accountants
Firm Registration No. 102079W

Bharat Jain
Partner
Membership No. 100583
Place: Mumbai
Date : June 25, 2020

For and on behalf of the Board of Directors
J. B. Mody
Chairman & Managing Director
DIN : 00034851

Vijay D. Bhatt
Chief Financial Officer
Place: Mumbai
Date : June 25, 2020

S. B. Mody
Whole-time Director (Marketing)
DIN : 00035051

M. C. Mehta
Company Secretary
ACS : 8854

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended on March 31, 2020

(₹ in lakhs)

Particulars	Note No.	2019-20	2018-19
INCOME			
I Revenue From Operations	31	177,472.91	164,320.04
II Other Income	32	5,066.99	4,143.99
III Total Income (I+II)		182,539.90	168,464.03
IV EXPENSES			
Cost of materials consumed	33	45,248.04	45,365.97
Purchases of stock-in-trade		18,230.77	16,209.91
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(399.27)	(1,929.98)
Employee benefits expense	34	32,291.67	28,817.59
Finance costs	35	302.96	464.85
Depreciation and amortization expense	5,6	6,632.23	5,564.20
Other expenses	36	44,344.27	45,272.23
Total expenses		146,650.67	139,764.77
V Profit/(loss) before exceptional items and tax (III-IV)		35,889.23	28,699.26
VI Exceptional Items (Refer Note no. 42)		1,000.00	-
VII Profit before Tax (V-VI)		34,889.23	28,699.26
VIII Tax expense:	30		
Current tax		8,469.36	7,846.28
Deferred tax		(789.36)	1,364.18
Earlier years tax		(29.98)	91.83
IX Profit for the year (VII-VIII)		27,239.21	19,396.97
X Other Comprehensive Income			
A] Items that will not be reclassified to profit or loss			
Re-measurement of the defined benefit plan		(676.74)	44.96
Income tax on above		170.32	(15.71)
B] Items that will be reclassified to profit or loss			
Foreign currency translation reserve		(991.19)	(448.89)
Total other comprehensive income		(1,497.61)	(419.64)
XI Total Comprehensive Income for the year (IX+X)		25,741.60	18,977.33
Profit for the year attributable to			
- owners of the company		27,204.71	19,346.63
- non-controlling interest		34.50	50.34
Other comprehensive income for the year attributable to			
- owners of the company		(1,432.88)	(372.44)
- non-controlling interest		(64.73)	(47.20)
Total comprehensive income for the year attributable to			
- owners of the company		25,771.83	18,974.19
- non-controlling interest		(30.23)	3.14
XII Earnings per equity share	45		
Basic		34.20	23.54
Diluted		34.20	23.54
See accompanying notes to the Consolidated financial statements	1 to 54		

As per our report of even date

For D N V & Co.

Chartered Accountants
Firm Registration No. 102079W

Bharat Jain

Partner
Membership No. 100583

Place: Mumbai
Date : June 25, 2020

For and on behalf of the Board of Directors

J. B. Mody

Chairman & Managing Director
DIN : 00034851

Vijay D. Bhatt

Chief Financial Officer

Place: Mumbai
Date : June 25, 2020

S. B. Mody

Whole-time Director (Marketing)
DIN : 00035051

M. C. Mehta

Company Secretary
ACS : 8854

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended on March 31, 2020

(₹ in lakhs)

Particulars		2019-20		2018-19	
A.	Cash Flow from Operating Activities				
	Net Profit before Tax		34,889.23		28,699.26
	Adjustment For:				
	Depreciation	6,632.23		5,564.20	
	Unrealised Foreign Exchange Fluctuation (Net)	(633.04)		267.69	
	Interest expense	268.91		432.20	
	(Profit)/ Loss on Sale/Discard of Assets (Net)	(178.75)		(244.70)	
	Profit on sale of Investment designated as FVTPL	(2,501.30)		(1,545.93)	
	Net (Gain)/Loss arising from Financial instruments designated as FVTPL	(1,298.40)		(1,771.53)	
	Interest income	(262.10)		(229.58)	
	Dividend income	(148.04)		(88.36)	
	Government Grant	(91.14)		(68.65)	
	Re-measurement of the defined benefit plan	(676.74)		44.96	
	Excess provision written back	(416.48)		(9.32)	
	Provision for Doubtful debts written back	-		(18.92)	
	Provision for Doubtful debts/Bad Debts	100.34	795.49	39.98	2,372.04
	Operating Profit Before Working Capital Changes		35,684.72		31,071.30
	Adjustment For:				
	Trade Receivables	(3,683.38)		(1,387.68)	
	Other Receivables	2,496.34		2,458.59	
	Inventories	(3,091.20)		(3,002.62)	
	Trade Payables	476.77		(2,857.12)	
	Other Payables & Provisions	4,733.87	932.39	(358.41)	(5,147.24)
	Cash Generated From Operations		36,617.11		25,924.06
	Direct Taxes Paid (Net)		(9,079.94)		(6,491.47)
	Net Cash from Operating Activities		27,537.17		19,432.59
B.	Cash Flow from Investing Activities				
	Purchase of Fixed Assets	(7,296.77)		(4,912.01)	
	Sale of Fixed Assets	246.73		732.30	
	Purchase of Investment	(38,267.56)		(42,522.84)	
	Sale of Investment	47,393.12		43,560.13	
	(Increase)/Decrease in other bank balances	(53.99)		58.01	
	Interest Received	260.69		229.52	
	Dividend Received	148.04		88.36	
	Net Cash used in Investing Activities		2,430.27		(2,766.53)

CONSOLIDATED STATEMENT OF CASH FLOW (Contd.)

For the year ended on March 31, 2020

(₹ in lakhs)

Particulars		2019-20		2018-19	
C.	Cash Flow from Financing Activities				
	Buy-back of shares	(16,081.90)		(13,102.79)	
	Proceeds/(Repayment) from/of Short Term Borrowing (Net)	631.40		(5.00)	
	Interest Paid	(186.50)		(386.60)	
	Dividend Paid (Including Dividend Distribution Tax)	(14,100.31)		(2,079.45)	
	Lease Rent Payment	(867.82)		-	
	Net Cash Used in Financing Activities		(30,605.13)		(15,573.84)
	Net Increase in Cash and Cash Equivalents		(637.68)		1,092.22
	Cash and Cash Equivalents as at 01.04.2019*	3,214.16		2,124.25	
	Exchange difference on restatement of foreign currency Cash and Cash equivalent	(1.29)		(2.31)	
	Cash and Cash Equivalents as at 31.03.2020*	2,575.19	(637.68)	3,214.16	1,092.22

*Cash and Cash Equivalents comprises the following:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks	2,862.31	1,996.92
Remittance in Transit	9.95	-
Cash on hand	22.82	20.02
Post Office Saving Account	-	0.60
Fixed Deposits with maturity of less than 3 months	5.71	1,522.14
	2,900.79	3,539.68
Less : Bank Overdraft	325.60	325.52
Cash and Cash Equivalents	2,575.19	3,214.16

Note: The Consolidated Cash Flow Statement is prepared using the "Indirect method" set out in Ind AS 7 - "Statement of Cash Flows".

As per our report of even date

For D N V & Co.

Chartered Accountants
Firm Registration No. 102079W

Bharat Jain

Partner
Membership No. 100583

Place: Mumbai

Date : June 25, 2020

For and on behalf of the Board of Directors

J. B. Mody

Chairman & Managing Director
DIN : 00034851

Vijay D. Bhatt

Chief Financial Officer

Place: Mumbai

Date : June 25, 2020

S. B. Mody

Whole-time Director (Marketing)
DIN : 00035051

M. C. Mehta

Company Secretary
ACS : 8854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended on March 31, 2020

1. GENERAL INFORMATION

J. B. Chemicals & Pharmaceuticals Limited ("the Holding Company") is a public limited company incorporated in India (CIN no. L24390MH1976PLC019380) having its registered office in Mumbai. The consolidated financial statement comprises financials of the Holding Company and its subsidiaries (referred to collectively as "the Group"). The Group is engaged in the business of manufacturing and marketing of diverse range of pharmaceutical formulations, herbal remedies and APIs.

These consolidated financial statements for the year ended March 31, 2020 were approved for the issue by the Board of Directors vide their resolution dated June 25, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation:

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("Act") read with Companies (Indian Accounting Standards) Rules, 2015; and the other relevant provisions of the Act and Rules thereunder.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities (including financial instruments) which have been measured at fair value at the end of each reporting period as explained in the accounting policies stated below.

2.2 Principles of consolidation:

a) Business Combinations and Control:

In accordance with Ind AS 103, the Group accounts for business combinations using the acquisition method when the control is transferred to the Group. The Holding Company determines the basis of control in line with the requirements of Ind AS 110, Consolidated Financial Statements. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

b) Consolidation Procedure:

The consolidated financial statements comprise of the financial statement of the Holding Company and its subsidiaries referred herein below. The financial statements of the Holding Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after

eliminating intra-group balances, intra group transactions and unrealized profits resulting there from and are presented to the extent possible, in the same manner as the Holding Company's independent financial statements.

The difference between the Group costs of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the consolidated financial statements as Goodwill or Capital Reserve as the case may be. The Goodwill recognized in the consolidated financial statements is tested for impairment, if any.

In case of foreign subsidiaries, revenue items are converted at the average rates prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the "Foreign Currency Translation Reserve".

The financial statements of the Holding Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. 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 subsidiaries used in consolidation are drawn up to the same reporting date as that of the Holding Company i.e., year ended March 31, 2020.

c) Non-Controlling Interest

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity.

Non-controlling interests in the net assets of consolidated subsidiaries consists of:

- I. The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made;
- II. The non-controlling interests' share of movements in equity since the date holding-subsidiary relationship came into existence.
- III. The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss and Consolidated Statement of Changes in Equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest	Accounting year ending on
OOO Unique Pharmaceutical Laboratories *	Russia	100%	March 31 st
Unique Pharmaceutical Laboratoires FZE *	Dubai	100%	March 31 st
Biotech Laboratories (Pty.) Ltd. (Through Unique Pharmaceutical Laboratories FZE)*	South Africa	95.24%	March 31 st

* Audited by other Auditors'.

2.3 Current versus non-current classification

The Group has classified all its assets and liabilities under current and non-current as required by Ind AS 1- Presentation of the consolidated Financial Statements. The asset is treated as current when it is:

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

All other assets are classified as non-current.

All liabilities are current when:

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

All other liabilities are classified as non-current.

2.4 Functional and presentation currency and Rounding off of the amounts:

The Functional and presentation currency of the Group is Indian rupees. Accordingly, all amounts disclosed in the consolidated financial statements and notes have been shown in Indian rupees and all values are shown in lakhs and rounded to two decimals except when otherwise indicated.

2.5 Revenue recognition:

The Group derive revenue primarily from manufacturing and marketing of diverse range of pharmaceutical products.

The Group follows specific recognition criteria as described below before the revenue is recognised.

a) Sale of goods

Revenue from contracts with customers is recognised when the entity satisfies a performance obligation by delivering a promised goods or services to customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment but excluding taxes or duties collected on behalf of the government and net of returns and allowances, trade discounts and volume rebates.

b) Product Development Service

Revenue from product development service is recognized upon by reference to the stage of completion of service and the amount of revenue can be measured reliably.

c) Other Operating Revenue

Other Operating revenue comprises of following items:

- Manufacturing charges
- Export incentives
- Sale of scrap

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

Revenue from manufacturing charges is recognized on completion of contractual obligation of manufacturing and delivery of product manufactured.

Revenue from export incentives are recognized upon adherence to the compliance as may be prescribed with regard to export and / or realization of export proceeds as per foreign trade policy and its related guidelines.

Revenue from sale of scrap is recognized on delivery of scrap items.

d) Other Income

Other income comprises of interest income, dividend from investment and profits from redemption of investments and mark to market gain / loss on the investments which are held on the balance sheet date.

Interest income from financial assets is recognized when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on time basis by reference to the principal outstanding and at the effective rate applicable, which is the rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investment is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably).

Profits / Loss from redemption of investment is recognized upon exercise of power by the Group to redeem the investment held in any particular security / instrument (non-current as well as current investment).

2.6 Foreign currency transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the Balance Sheet date are translated at the exchange rate prevailing on the date of Balance Sheet.

Exchange rate differences resulting from foreign currency transactions settled during the period including year-end translation of assets and liabilities

are recognized in the consolidated Statement of Profit and Loss account.

Non-monetary assets, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or consolidated Statement of Profit and Loss are also recognized in OCI or consolidated Statement of Profit and Loss, respectively). Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

2.7 Government grants:

Monetary government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

The grant related to an expense item is recognized as income in the year in which it is received. The grant related to an asset in the form of EPCG License is recognized in the balance sheet as deferred income and is transferred to consolidated Statement of Profit and Loss in equal amounts over the periods during which obligation attached to the License is to be fulfilled. Grant in the form of cash benefit is recognized in the Balance Sheet as deferred income and it is transferred to consolidated Statement of Profit and Loss over the useful life of the concerned asset.

2.8 Employee benefits:

Short Term and Other Long Term Employee Benefits:

A liability is recognised for benefits accruing to employees in respect of short term employee benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

A liability is recognised for benefits accruing to employees 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 the employees up to the reporting date.

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For the year ended on March 31, 2020

Long Term Employee Benefits:

• **Defined Contribution Plan:**

Payments to defined contributions retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contributions.

• **Defined Benefit Plan:**

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at end of each annual reporting period. Re-measurements, comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable), and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in Other Comprehensive Income is reflected immediately in retained earnings and will not be reclassified to consolidated Statement of Profit and Loss in subsequent periods. Past service cost is recognized in the consolidated profit and loss statement 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 assets. Defined benefit costs are categorized as follows:

- Service Cost (including current service cost, past service cost, as well as gains or losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement.

The Group presents the first two components defined benefit cost in the consolidated Statement of Profit and loss in the line items "Employee Benefit Expenses" and "Finance Cost" respectively. Curtailment gain and Losses are accounted for as past service cost.

The retirement benefit obligation recognized in the Balance Sheet represents the actual deficit or surplus in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan.

Subsidiary Company: Unique Pharmaceutical Laboratoires FZE

Staff end-of- service benefits:

Provision is made for end-of service benefits payable to the non-UAE employees at the reporting date in accordance with the local labour laws.

2.9 Tax Expenses:

The tax expense for the period comprises current and deferred tax. Taxes are recognised in the consolidated Statement of Profit and Loss, except to the extent that it relates to the items recognised in the comprehensive income or in Equity. In which case, the tax is also recognised in the comprehensive income or in Equity.

Current tax:

Current tax payable is calculated based on taxable profit for the year. Current tax is recognized based on the amount expected to be paid to or recovered from the tax authorities based on applicable tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is recognised 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.

Deferred tax liabilities are generally recognized for all taxable temporary timing difference. Deferred tax assets are recognized for deductible temporary differences to the extent that they are probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

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Current and deferred tax for the year are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current or deferred tax arises from initial accounting for a business combination, the tax affect is included in the accounting for the business combination.

Minimum Alternate Tax (MAT) Credit:

MAT credit is recognized as Deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period.

2.10 Property, Plant and Equipment

Freehold Land is stated at historical cost.

Premium paid for the leasehold land is amortized over the lease period.

All other items of Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognized as expense in the consolidated statement of profit and loss account as and when incurred.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work- in- Progress.

Cost of the assets less its residual value is depreciated over its useful life. Depreciation is calculated on a straight line basis over the useful life of the assets.

The management believes that the estimated useful lives are realistic and reflects fair approximation of the period over which the assets are likely to be used. At each financial year end, management reviews the

residual values, useful lives and method of depreciation of property, plant and equipment and values of the same are adjusted prospectively where needed.

2.11 Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles are not capitalized and the related expenditure is reflected in the consolidated Statement of Profit and Loss in the period in which the expenditure is incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Intangible assets representing acquired software, are amortized on a straight line basis over a period of 3 years. The useful lives of all other intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated Statement of Profit and Loss when the asset is derecognized.

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2.12 Borrowing costs:

Borrowing Costs directly attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset up to the date the asset is put to use. Other Borrowing Costs are charged to the consolidated Statement of Profit and Loss account in the year in which they are incurred.

2.13 Impairment of Assets:

The Group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or Group of assets, called cash generating units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognized in the consolidated Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.14 Inventories:

Inventories are stated at the lower of cost or net realizable value. Cost is determined on the basis of Moving Average method. Cost includes expenditures incurred in acquiring the inventories and other related costs incurred in bringing them to their existing location. In case of manufactured finished goods, cost includes appropriate share of overheads based on normal operating capacity.

2.15 Provisions, Contingent Liabilities and Contingent Assets:

Provisions:

Provisions are recognized when the Group has present obligation (legal or constructive) as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to a

provision is presented in the consolidated Statement of Profit and Loss net of any reimbursement/contribution towards provision made.

If the effect of the time value of money is material, estimate for the provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liability:

Contingent liability is disclosed in the case;

- When there is a possible obligation which could arise from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or;
- A present obligation that arises from past events but is not recognized as expense because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or;
- The amount of the obligation cannot be measured with sufficient reliability.

Commitments:

- Commitments include the value of the contracts for the acquisition of the assets net of advances.

Contingent asset:

- Contingent asset is disclosed in case a possible asset arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

2.16 Lease:

The Group's leased assets consist of leases for Buildings. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is or contains, a lease if the contract conveys the right to control the use of an identified asset for a

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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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 the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and (iii) the Group has the right to direct the use of the asset.

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

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

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

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

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

Short-term leases and leases of low-value assets:

The Group has elected not to recognise right-to-use assets and lease liabilities for short-term lease that

have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an operating expense as per the terms of the lease.

2.17 Financial instruments:

The Group recognizes financial assets and financial liabilities when it becomes party to the contractual provision of the instrument.

I. Financial Assets:

Initial recognition and measurement:

Financial assets are initially measured at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the concerned financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognized immediately in profit or loss. However, trade receivable that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Group classifies financial asset in following broad categories:

- Financial asset carried at amortized cost.
- Financial asset carried at fair value through other comprehensive income (FVTOCI)
- Financial asset carried at fair value through profit or loss (FVTPL)

Financial asset carried at amortized cost (net of any write down for impairment, if any):

Financial assets are measured at amortized cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortized costs using Effective Interest Rate (EIR) method less impairment, if any. The losses arising from impairment are recognized in the consolidated Statement of Profit and Loss. Cash and bank balances, trade

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receivables, loans and other financial asset of the Group are covered under this category.

Under the EIR method, the future cash receipts are exactly discounted to the initial recognition value using EIR. The cumulative amortization using the EIR method of the difference between the initial recognition amount and maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at amortized cost at each reporting date. The corresponding effect of the amortization under EIR method is recognized as interest income over the relevant period of the financial asset. The same is included under "other income" in the consolidated Statement of Profit and Loss. The amortized cost of the financial asset is also adjusted for loss allowance, if any.

Financial asset carried at FVTOCI:

Financial asset under this category are measured initially as well as at each reporting date at fair value, when asset is held with a business model whose objective is to hold asset for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

Financial asset carried at FVTPL:

Financial asset under this category are measured initially as well as at each reporting date at fair value. Changes in fair value are recognized in the consolidated Statement of Profit and Loss.

Other Equity Investments:

All other equity investments are measured at fair value, with value changes recognised in the consolidated Statement of Profit and Loss.

Derecognition:

A financial asset is primarily derecognized when rights to receive cash flows from the asset have expired or the Group has transferred its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risk and reward of the ownership of the financial asset.

Impairment of financial asset:

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for

evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

ECL 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 entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

For trade receivables the Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the consolidated Statement of Profit and Loss under the head 'Other expenses'.

II. Financial Liabilities:

Initial recognition and measurement:

The Group recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. The Group classifies all financial liabilities as subsequently measured at amortized cost or FVTPL.

All financial liabilities are recognized initially at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

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Subsequent measurement:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through EIR amortization process. Amortized 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 amortization is included as finance costs in the consolidated Statement of Profit and Loss.

Derecognition of financial liabilities:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated Statement of Profit and Loss.

III. Derivative Financial Instrument:

Group uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency fluctuation risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of heading instrument is recognized in the consolidated Statement of Profit and Loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derecognition:

On derecognition of hedged item, the unamortized fair value, of the hedging instrument

adjusted to the hedged items is recognized in the consolidated Statement of Profit and Loss.

2.18 Fair Value:

The Group measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either;

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities

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

Level 3 – inputs that are unobservable for the asset or liability

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.19 Employee Stock Option Plan:

The accounting value of stock options representing the excess of the market price over the exercise price of the shares granted under “Employee Stock Option Scheme” (ESOP) of the Holding company is amortized on straight line basis over the vesting period as “Deferred Employee Compensation”.

2.20 Research and Development Expenditure:

Revenue expenditure on research and development is charged to the consolidated Statement of Profit

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and Loss in the year in which it is incurred. Capital expenditure on research and development is treated as fixed assets.

2.21 Cash and Cash Equivalent:

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.22 Cash Flow Statements:

Cash flows are reported using the indirect method, whereby the consolidated net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of Group are segregated.

3. STANDARD ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable to the Group from April 1, 2020.

4. KEY ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Group evaluates these estimates and assumption based on the most recently available information.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a) Income taxes and Deferred tax assets:

Significant judgments are involved in estimating budgeted profits for the purpose of paying

advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The management assumes that taxable profit will be available while recognizing the deferred tax assets.

b) Property, Plant and Equipment:

Property, Plant and Equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life as prescribed in the Schedule II of the Companies Act, 2013 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 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.

c) Intangible assets:

Internal technical or user team assesses the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

d) Impairment of non-financial assets:

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

e) Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

f) Recognition and measurement of defined benefit obligation:

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

g) Recognition and measurement of other provisions:

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of

resources at a future date may, therefore, vary from the figure included in other provisions.

h) Contingencies:

Management's judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against Group as it is not possible to predict the outcome of pending matters with accuracy.

i) Allowances for uncollected trade receivable and advances:

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated amounts which are irrecoverable. Individual trade receivables are written off when management deems them not collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets. The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgment in making these assumptions and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

j) Allowances for inventories:

Management reviews the inventory age listing on a periodic basis. The purpose is to compare the carrying value of the aged inventory items with the respective net realizable value and also to identify obsolete and slow-moving items, so as to make adequate allowances for the same. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the consolidated financial statements.

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For the year ended on March 31, 2020

5. PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	Gross Block				Accumulated Depreciaion					Net Block		
	As at 1 st April 2019	Additions	Disposals	Foreign currency translation reserve	As at 31 st March 2020	As at 1 st April 2019	Depreciation charge for the year	Disposals	Foreign currency translation reserve	As at 31 st March 2020	As at 31 st March 2020	As at 31 st March 2019
Land (Freehold)	57.16	-	-	-	57.16	-	-	-	-	-	57.16	57.16
Land (Leasehold)	1,081.64	-	3.76	-	1,077.88	112.80	11.74	1.09	-	123.45	954.43	968.84
Factory Buildings	20,956.32	489.51	41.29	-	21,404.54	5,580.60	645.76	32.16	-	6,194.20	15,210.34	15,375.72
Other Buildings (Note 1)	5,746.08	0.01	-	-	5,746.09	484.79	93.21	-	-	578.00	5,168.09	5,261.29
Plant & Equipments	55,029.17	5,528.16	145.75	-	60,411.58	31,347.85	3,730.00	135.01	-	34,942.84	25,468.74	23,681.32
Furniture & Fixtures	3,648.11	288.07	-	(14.82)	3,921.36	1,595.79	273.54	-	(10.68)	1,858.65	2,062.71	2,052.32
Vehicles	1,853.92	339.29	213.18	(49.52)	1,930.51	857.08	182.39	167.85	(33.01)	838.61	1,091.90	996.83
Office Equipments	3,869.06	584.10	2.17	(5.06)	4,445.93	2,765.98	400.13	2.06	(3.36)	3,160.69	1,285.24	1,103.09
Airconditioners	7,544.78	377.16	-	-	7,921.94	2,599.68	426.25	-	-	3,025.93	4,896.01	4,945.10
Right of Use- Other Building(Note 2)	-	1,439.67	16.85	4.18	1,427.00	-	836.29	10.85	(6.79)	818.65	608.35	-
Total	99,786.24	9,045.96	422.99	(65.23)	108,343.99	45,344.57	6,599.31	349.01	(53.84)	51,541.02	56,802.98	54,441.67

(₹ in lakhs)

Particulars	Gross Block				Accumulated Depreciaion					Net Block		
	As at 1 st April 2018	Additions	Disposals	Foreign currency translation reserve	As at 31 st March 2019	As at 1 st April 2018	Depreciation charge for the year	Disposals	Foreign currency translation reserve	As at 31 st March 2019	As at 31 st March 2019	As at 31 st March 2018
Land (Freehold)	57.16	-	-	-	57.16	-	-	-	-	-	57.16	57.16
Land (Leasehold)	1,423.20	79.03	420.59	-	1,081.64	129.63	13.79	30.62	-	112.80	968.84	1,293.57
Factory Buildings	20,958.96	451.22	453.87	-	20,956.31	5,027.90	633.52	80.82	-	5,580.60	15,375.71	15,931.06
Other Buildings (Note 1)	5,816.86	-	70.78	-	5,746.08	419.06	93.92	28.22	-	484.76	5,261.32	5,397.80
Plant & Equipments	52,454.55	3,153.99	579.26	-	55,029.28	27,948.83	3,537.45	138.35	-	31,347.93	23,681.35	24,505.72
Furniture & Fixtures	3,350.08	311.08	7.64	(5.41)	3,648.11	1,337.50	252.65	1.02	6.66	1,595.79	2,052.32	2,012.58
Vehicles	1,906.86	431.56	255.35	(229.25)	1,853.82	944.52	187.44	216.73	(58.20)	857.03	996.78	962.34
Office Equipments	3,458.61	446.18	25.12	(10.61)	3,869.06	2,441.36	347.37	16.86	(5.89)	2,765.98	1,103.08	1,017.25
Airconditioners	7,402.60	233.68	91.50	-	7,544.78	2,208.97	421.51	30.80	-	2,599.68	4,945.10	5,193.63
Total	96,828.88	5,106.74	1,904.11	(245.27)	99,786.24	40,457.77	5,487.65	543.42	(57.43)	45,344.57	54,441.67	56,371.11

Note 1. Value of buildings includes a sum of ₹ 3,600/- being the cost of shares in the societies.

Note 2. Please refer note no. 46.

Note 3. No depreciation has been claimed on assets to the extent of GST claimed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

6. INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Gross Block					Accumulated Amortisation					Net Block	
	As at 1 st April 2019	Additions	Deductions	Foreign currency translation reserve	As at 31 st March 2020	As at 1 st April 2019	Amortisation for the year	Deductions	Foreign currency translation reserve	As at 31 st March 2020	As at 31 st March 2020	As at 31 st March 2019
Trade Marks	3.67	824.00	-	-	827.67	3.66	-	-	-	3.66	824.01	0.01
Computer Software	1,100.06	47.04	-	(8.73)	1,138.37	1,041.12	32.92	-	(1.49)	1,072.55	65.82	58.94
Product Dossier	2,278.80	-	-	(159.39)	2,119.41	-	-	-	-	-	2,119.41	2,278.80
Total	3,382.53	871.04	-	(168.12)	4,085.45	1,044.78	32.92	-	(1.49)	1,076.21	3,009.24	2,337.75

(₹ in lakhs)

Particulars	Gross Block					Accumulated Amortisation					Net Block	
	As at 1 st April 2018	Additions	Deductions	Foreign currency translation reserve	As at 31 st March 2019	As at 1 st April 2018	Amortisation for the year	Deductions	Foreign currency translation reserve	As at 31 st March 2019	As at 31 st March 2019	As at 31 st March 2018
Trade Marks	3.67	-	-	-	3.67	3.66	-	-	-	3.66	0.01	0.01
Computer Software	1,057.29	35.59	-	7.18	1,100.06	964.05	76.55	-	0.52	1,041.12	58.94	93.24
Product Dossier	2,171.98	-	-	106.82	2,278.80	-	-	-	-	-	2,278.80	2,171.98
Total	3,232.94	35.59	-	114.00	3,382.53	967.71	76.55	-	0.52	1,044.78	2,337.75	2,265.23

Note: Trade Marks acquired during the year is yet to be transferred in Holding Company's name.

7. NON CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
A. Investment in Equity Instruments : Unquoted (At Fair Value through Profit & Loss)		
3,866 (Previous year 3,866) Equity Shares of ₹ 10/- each of BEIL Infrastructure Ltd. (formerly known as Bharuch Enviro Infrastructure Ltd.)	15.66	12.62
612,032 (Previous year 612,032) Equity Shares of ₹ 10/- each of Narmada Clean Tech	117.32	126.39
20,000 (Previous year 20,000) Equity Shares of ₹ 10/- each of Enviro Technology Ltd.	31.50	28.64
60,000 (Previous year 60,000) Equity Shares of ₹ 10/- each of Panoli Enviro Technology Ltd.	15.43	16.77
50,000 (Previous year 50,000) Equity Shares of ₹ 10/- each of Ankleshwar Research & Analytical Infrastructure Ltd.	4.24	2.55
2,000,000 (Previous year 2,000,000) Equity Shares of ₹ 10/- each of Asian Heart Institute & Research Centre Pvt. Ltd.	1,104.32	1,016.50
Total Investment in Equity Instruments	1,288.47	1,203.47
B. In Government Securities : Unquoted-(At amortized cost):		
National Saving Certificates	-	0.29
Total	-	0.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

Particulars		As at March 31, 2020	As at March 31, 2019
C.	In Mutual Funds : Quoted (At fair value through Profit & Loss)		
	Nil (Previous year 10,000,000) units of ₹ 10 each of HDFC FMP 370D March 2014 (1)-Growth	–	1,483.52
	Nil (Previous year 10,000,000) units of ₹ 10 each of DSP Black Rock FMP Series 210-36 M-Direct-Growth	–	1,145.25
	Nil (Previous year 5,000,000) units of ₹ 10 each of HDFC FMP 1165D April 2017 (1)-Direct Growth-Series 38	–	572.92
	2,000,000 (Previous year 2,000,000) units of ₹ 10 each of DSP Black Rock FMP Series 221-40M-Regular-Growth	236.61	217.47
	2,000,000 (Previous year 2,000,000) units of ₹ 10 each of DSP Black Rock FMP Series 223-39M-Regular-Growth	236.77	216.95
	2,000,000 (Previous year 2,000,000) units of ₹ 10 each of DSP Black Rock FMP Series 226-39M-Regular-Growth	235.52	215.71
	2,000,000 (Previous year 2,000,000) units of ₹ 10 each of IDFC Fixed Term Plan Series 144-1141 Day -Growth	235.09	215.47
	2,000,000 (Previous year 2,000,000) units of ₹ 10 each of HDFC FMP 1147 Days March 2018 (1) series 39 Direct -Growth	235.55	215.73
	10,000,000 (Previous year 10,000,000) units of ₹ 10 each of HDFC FMP 1134 Days May 2018(1) Series 40 Direct Growth	1,188.41	1,087.61
	2,000,000 (Previous year 2,000,000) units of ₹ 10 each of ICICI Prudential FMP Series 83 1105 Days Plan A	237.06	217.66
	6,000,000 (Previous year 6,000,000) units of ₹ 10 each of HDFC FMP 1113 Days June 2018(1) Series 41 Direct Growth	707.88	648.08
	5,000,000 (Previous year 5,000,000) units of ₹ 10 each of DSP Black Rock FMP Series 235 36 M Direct Growth	585.60	537.37
	5,000,000 (Previous year 5,000,000) units of ₹ 10 each of ICICI Prudential FMP Series 83 1100 Days Plan O Direct Growth	587.55	538.01
	5,000,000 (Previous year 5,000,000) units of ₹ 10 each of ICICI Prudential FMP Series 83 1107 Days Plan Q Direct Growth	585.59	536.48
	5,000,000 (Previous year 5,000,000) units of ₹ 10 each of IDFC FMP Series 156 1103 Days Direct Growth	585.35	535.57
	Total	5,656.98	8,383.80
	Total Non-Current Investment	6,945.45	9,587.56
	Aggregate amount of quoted investments - At Cost	4,800.00	7,300.00
	Aggregate amount of quoted investments - At Market Value	5,656.98	8,383.80
	Aggregate amount of unquoted investments	1,288.47	1,203.76
	Category-wise Non-Current investment		
	Financial assets measured at fair value through Profit & Loss	6,945.45	9,587.27
	Financial assets carried at amortised cost	–	0.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

8. NON-CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Loans to Employees	16.37	20.01
Security Deposits for leased premises	11.73	338.85
Total	28.10	358.86

9. NON-CURRENT FINANCIAL ASSETS - OTHERS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Fixed Deposit having maturity more than 12 months #	13.23	15.82
Total	13.23	15.82

#These Fixed Deposits are placed with various Government Authorities/ Institutions.

10. NON-CURRENT ASSETS - OTHERS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Capital Advances	105.97	226.26
Other Security Deposits	224.82	245.74
Prepaid Expenses	22.79	27.23
Lease rent-deferred (Refer note no. 46)	–	15.76
	353.58	514.99
Other Security Deposits- Credit Impaired	75.65	–
Less: Provision for Doubtful Other Security Deposits	(75.65)	–
	–	–
Total	353.58	514.99

11. CURRENT ASSETS- INVENTORIES

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Raw materials	9,484.17	7,671.47
Packing Materials (stock-in-transit Nil, Previous year ₹ 0.15)	3,126.83	2,258.00
Work-in-progress	2,247.90	1,928.71
Finished goods (stock-in-transit ₹ 1,658.37, Previous year ₹ 1,085.24)	10,649.35	10,537.11
Stock-in-trade	1,915.32	1,947.48
Fuel	43.40	33.00
Total	27,466.97	24,375.77

The write-down of inventories to net realisable value during the year amounted to ₹ 166.07 lakhs (Previous year ₹ 121.60 lakhs). The write downs are included in changes in inventories of finished goods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

12. CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
In Mutual Funds : (At Fair Value)		
6,316,027.61 (Previous year 6,628,677.94) Units of ₹ 10 each of Aditya Birla Sun Life Corporate Bond Fund Growth (formerly known as Birla Sun life Short Term Fund-Growth)	4,942.56	4,751.34
9,600,000 (Previous year 9,600,000) units of ₹ 10 each of HDFC Short Debt Fund Regular Plan Growth (formerly known as HDFC Short Term Opportunities Fund-Growth)	2,173.41	1,981.39
14,960,414.311 (Previous year 14,960,414.311) units of ₹ 10 each of HDFC Corporate Bond Fund Regular Plan Growth (formerly known as HDFC Medium Term Opportunities Fund Growth)	3,428.01	3,113.34
1,258,152.830 (Previous year 1,258,152.830) units of ₹ 10 each of Birla Sun Life Treasury Optimiser Plan Growth	3,294.76	2,995.77
1,926,292.692 (Previous year 1,926,292.692) units of ₹ 10 each of HDFC Hybrid Equity Fund Growth (formerly known as HDFC Balanced Fund Growth)	817.75	1,048.75
614,895.941 (Previous year 614,895.941) units of ₹ 10 each of ICICI Prudential Balanced Fund Growth	651.54	826.67
Nil (Previous year 562,478.145) units of ₹ 10 each of Franklin India Equity Hybrid Fund Growth (formerly known as Franklin India Balanced Fund Growth)	-	679.81
10,150,115.42 (Previous year 14,217,069.097) units of ₹ 10 each of HDFC Corporate Bond Fund Direct Growth (formerly known as HDFC Medium Term Opportunities Fund Direct Growth)	2,343.01	2,976.44
8,837,181.561(Previous year 11,225,181.561) units of ₹ 10 each of ICICI Prudential Bond Fund Direct Growth (formerly known as ICICI Prudential Income Opportunities Fund Direct Growth)	2,607.00	2,965.79
790,446.713 (Previous year 1,192,242.539) units of ₹ 10 each of Aditya Birla Sun Life Banking & PSU Debt Direct Growth (formerly known as Birla Treasury Optimizer Fund Direct Growth)	2,110.19	2,885.28
9,061,435.25 (Previous year 21,310,563.677) unit of ₹ 10 each of IDFC Corporate Bond Fund Direct Growth	1,265.21	2,740.62
Nil (Previous year 1,692,906.721) units of ₹ 10 each of ICICI Prudential All Seasons Bond Fund Direct Growth (formerly known as ICICI Prudential Long Term Fund Direct Growth)	-	404.16
7,434,577.867 (Previous year 7,434,577.867) units of ₹ 10 each of ICICI Prudential Banking and PSU Debt Fund-Growth	1,722.02	1,577.97
Nil (Previous year 11,327,020.350) units of ₹ 10 each of Kotak Equity Arbitrage Fund -Direct Monthly Dividend Reinvest	-	1,246.83
Nil (Previous year 6,630,670.045) units of ₹ 10 each of Reliance Arbitrage Fund -Direct Monthly Dividend Reinvest	-	729.16
Nil (Previous year 87,547.676) units of ₹ 10 each of Aditya Birla Sunlife Equity Hybrid 95 Fund -Direct Growth	-	710.03
447,748.982 (Previous year 245,116.801) units of ₹ 10 each of HDFC Balanced Advantage Fund-Direct Growth	703.75	512.50
Nil (Previous year 37,379.613) units of ₹ 10 each of IDFC Cash Fund-Direct Growth	-	847.22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

Particulars	As at March 31, 2020	As at March 31, 2019
2,936,159.078 (Previous year 2,936,159.078) units of ₹ 10 each of HDFC Corporate Bond Fund Direct Growth	677.77	614.71
3,851,387.783 (Previous year 7,051,465.652) units of ₹ 10 each of IDFC Banking and PSU Debt Fund Regular Growth	683.36	1,133.78
1,903,589.535 (Previous year 3,807,179.07) units of ₹ 10 each of IDFC Banking and PSU Debt Fund Direct Growth	341.96	617.77
Nil (Previous year 926,487.824) units of ₹ 10 each of SBI Short Term Debt Fund Direct Growth	-	204.13
33,999.978 (Previous year 17,005.154) units of ₹ 10 each of AXIS Banking & PSU Debt Fund Direct Growth	659.94	300.92
22,953.562 (Previous year 11,478.633) units of ₹ 10 each of AXIS Banking & PSU Debt Fund Regular Growth	438.73	200.61
367,033.088 (Previous year Nil) units of ₹ 10 each of HDFC Hybrid Equity Fund Direct Growth	163.29	-
696,469.014 (Previous year Nil) units of ₹ 10 each of Kotak Banking & PSU Debt Fund Direct Growth	325.37	-
286,956.777 (Previous year Nil) units of ₹ 10 each of ICICI Prudential Equity & Debt Fund Direct Growth	327.62	-
119,110.205 (Previous year Nil) units of ₹ 10 each of DSP Equity & Bond Fund Direct Growth	165.73	-
72,307.312 (Previous year Nil) units of ₹ 10 each of SBI Equity Hybrid Fund Direct Growth	91.43	-
10,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 370D March 2014 (1)-Growth	1,598.28	-
10,000,000 (Previous year Nil) units of ₹ 10 each of DSP Black Rock FMP Series 210-36 M-Direct-Growth	1,230.95	-
5,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 1165D April 2017 (1)-Direct Growth-Series 38	617.62	-
Total	33,381.26	36,064.99
Aggregate amount of quoted investments - At Cost	24,378.10	35,802.06
Aggregate amount of quoted investments - At Market Value	33,381.26	36,064.99

13. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good unless otherwise stated)		
Considered Good	34,967.39	31,252.33
Less: Allowance as per expected credit loss model	424.77	429.97
	34,542.62	30,822.36
Credit Impaired	26.49	19.99
Less : provision for Doubtful Debts	26.49	19.99
	-	-
Total	34,542.62	30,822.36

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

14. CURRENT FINANCIAL ASSETS - CASH AND BANK BALANCE

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Cash and cash equivalents		
Balances with banks	2,862.31	1,996.92
Remittance in Transit	9.95	–
Cash on hand	22.82	20.02
Post Office Saving Account	–	0.60
Fixed Deposits with maturity of less than 3 months	5.71	1,522.14
	2,900.79	3,539.68
Other Bank balance		
Unclaimed Dividend A/cs *	185.34	132.40
Fixed Deposits with maturity of more than 3 months but less than 12 months@	8.68	7.63
	194.02	140.03
Total	3,094.81	3,679.71

*The amount is to be utilised towards settlement of respective unpaid dividends.

@ These Fixed Deposits are placed with various Government Authorities/ Institutions.

15. CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
(Unsecured, considered good unless otherwise stated)		
Loans & Advances to Employees	45.47	103.91
Security Deposits for leased premises	347.13	–
Security Deposits- Considered Good	28.62	36.32
	421.22	140.23
Security Deposits- Credit Impaired	7.20	29.46
Less: Provision for doubtful Deposits	7.20	29.46
Total	421.22	140.23

16. CURRENT FINANCIAL ASSETS - OTHERS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Accrued interest on Deposits	6.45	5.04
Claim Receivable (Refer Note No. 39)	353.10	998.74
Forward Contract Receivable	–	403.47
Others	361.52	299.94
Total	721.07	1,707.19

17. CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Taxes paid	14,838.03	47,311.44
Less: Provision for taxes	13,274.03	46,596.38
Total	1,564.00	715.06

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

18. OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Advances to Suppliers	1,404.86	1,386.64
Prepaid Expenses	798.19	783.05
Gratuity Fund Balance with LIC	–	293.41
Lease rent-deferred (Refer note no. 46)	–	22.25
Balance with Government Authorities	3,469.96	4,544.29
Other Receivables	327.46	517.39
Other Security Deposit	80.42	62.88
Total	6,080.89	7,609.91

19. EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Authorised		
101,500,000 (Previous year 101,500,000) Equity Shares of ₹ 2/- each	2,030.00	2,030.00
Issued, Subscribed & Fully Paid up		
77,282,097 (Previous year 80,236,642) Equity Shares of ₹ 2/- each	1,545.64	1,604.73
Total	1,545.64	1,604.73

Reconciliation of the shares outstanding and amount of Share Capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹ in lakhs	Number	₹ in lakhs
Shares Outstanding at the beginning of the year	80,236,642	1,604.73	83,569,975	1,671.40
Less : Buy-back of shares	2,954,545	59.09	3,333,333	66.67
Shares outstanding at the year end	77,282,097	1,545.64	80,236,642	1,604.73

The Holding Company has only one class of issued shares having par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share and carries identical right as to dividend. These shares are not subject to any restrictions.

Buy-back of Equity Shares

The Board of Directors of Holding Company, at its meeting held on November 12, 2019, approved a proposal for the Holding Company to buy-back its fully paid-up equity shares of face value of ₹ 2/- each from the eligible equity shareholders of the Holding Company for an aggregate amount not exceeding ₹ 13,000 lakhs, representing 9.33% of the aggregate paid up equity share capital and free reserves (including securities premium account) as per audited standalone financial statement of the Holding Company as at March 31, 2019 and was within the statutory limit applicable for buy-back. The buy-back offer comprised a purchase of 29,54,545 equity shares representing 3.68% of the total number of paid up equity shares of the Holding Company at a price of ₹ 440/- per equity share. The buy-back was offered to all eligible equity shareholders of the Holding Company as on the Record Date (i.e. November 22, 2019) on a proportionate basis through the "Tender offer" route. The Holding Company completed the buy-back on January 8, 2020 and extinguished 29,54,545 equity shares held in electronic form by way of Corporate Action via CDSL on January 9, 2020. The Holding Company has funded the buy-back from its general reserve. In accordance with Section 69 of the Companies Act, 2013, the Holding Company has created 'Capital Redemption Reserve' of ₹ 59.09 lakhs equal to the nominal value of the shares bought back as an appropriation from general reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

Details of Shareholders holding more than 5% shares.

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No of Shares	% of Holding	No of Shares	% of Holding
Jyotindra B. Mody	4,943,445	6.40	5,111,209	6.37
Dinesh Bhagwanlal Mody	–	–	4,508,948	5.62
Shirish Bhagwanlal Mody	4,653,025	6.02	4,810,933	6.00
Kumud Dinesh Mody	4,453,914	5.76	4,605,065	5.74
Bharati S. Mody	4,567,157	5.91	4,722,151	5.89
Pallavi Bharat Mehta	4,786,363	6.19	4,948,796	6.17
Pranabh Dinesh Mody	7,346,459	9.51	4,700,429	5.86
Nirav Shirish Mody	4,587,381	5.94	4,743,061	5.91

20. OTHER EQUITY

(₹ in lakhs)

Particulars	Reserves and Surplus									Other Comprehensive Income-remeasurement of net defined benefit plan	Total
	Capital Reserves (transferred from amalgamating company)		Other Reserves								
	Investment allowance Reserve (utilised)	Capital Reserve	Capital Reserve	Contingency Reserve	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Foreign Currency Translation reserve		
Balance as on April 1, 2018	34.86	63.53	4.21	2,020.00	5,076.82	25.00	42,227.26	92,911.53	664.23	(543.04)	142,484.40
Profit for the year	–	–	–	–	–	–	–	19,346.63	–	–	19,346.63
Dividend including Dividend Distribution Tax	–	–	–	–	–	–	–	(2,014.96)	–	–	(2,014.96)
Transfer to Capital Redemption Reserve on buy-back of shares	–	–	–	–	–	–	(66.67)	–	–	–	(66.67)
Transfer from General Reserve on buy-back of shares	–	–	–	–	–	66.67	–	–	–	–	66.67
Re-measurement of the defined benefit plan (net of deferred tax)	–	–	–	–	–	–	–	–	–	29.25	29.25
Buy-back of shares (including expenses)	–	–	–	–	–	–	(13,036.12)	–	–	–	(13,036.12)
Foreign currency translation reserve	–	–	–	–	–	–	–	–	(401.69)	–	(401.69)
Balance as on March 31, 2019	34.86	63.53	4.21	2,020.00	5,076.82	91.67	29,124.47	110,243.20	262.54	(513.79)	146,407.51
Profit for the year	–	–	–	–	–	–	–	27,204.71	–	–	27,204.71
Dividend including Dividend Distribution Tax	–	–	–	–	–	–	–	(14,153.24)	–	–	(14,153.24)
Transfer to Capital Redemption Reserve on buy-back of shares	–	–	–	–	–	–	(59.09)	–	–	–	(59.09)
Transfer from General Reserve on buy-back of shares	–	–	–	–	–	59.09	–	–	–	–	59.09
Re-measurement of the defined benefit plan (net of deferred tax)	–	–	–	–	–	–	–	–	–	(506.42)	(506.42)
Buy-back of shares (including expenses)	–	–	–	–	–	–	(16,022.81)	–	–	–	(16,022.81)
Foreign currency translation reserve	–	–	–	–	–	–	–	–	(926.46)	–	(926.46)
Balance as on March 31, 2020	34.86	63.53	4.21	2,020.00	5,076.82	150.76	13,042.57	123,294.67	(663.92)	(1,020.21)	142,003.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

Nature and purpose of Reserves

A. Capital Reserves (transferred from amalgamating company)

This Reserve was created on amalgamation of J. B. Chemicals and Pharmaceuticals Pvt. Ltd. with this company w.e.f April 1, 1984 (appointed date).

B. Capital Reserves

Arose pursuant to forfeiture and reissue of shares.

C. Contingency Reserve

This Reserve has been created out of retained earnings, as a matter of prudence, to take care of any unforeseen adverse contingencies.

D. Securities Premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as Securities Premium.

E. Capital Redemption Reserve

Transfer from General Reserve on account of buy back of shares as per Section 69 of the Companies Act 2013.

F. General Reserve

The Holding Company has transferred a portion of the net profit of the Company before declaring dividend to General Reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to General Reserve is not required under the Companies Act 2013.

G. Retained Earnings

Retained Earnings are the profits that the Group has earned till date, less any transfer to General Reserve, dividends or other distribution paid to shareholders.

H. 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.

21. NON-CURRENT LIABILITIES - PROVISIONS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Provision for Employee Benefits		
Leave Encashment	738.68	572.89
Total	738.68	572.89

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

22. DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Deferred Tax Liability		
Depreciation	3,875.56	5,490.48
Fair valuation of Investment designated as FVTPL	2,533.39	2,231.31
	6,408.95	7,721.79
Deferred Tax Assets		
Retirement Benefits	304.92	247.05
Brought forward Losses	498.77	597.90
Others	791.22	1,186.11
	1,594.91	2,031.06
Total	4,814.04	5,690.73

23. NON CURRENT FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Lease Liability (Refer note no. 46)	122.92	–
Total	122.92	–

24. NON-CURRENT LIABILITIES - OTHERS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Deferred Government Grant	596.84	220.29
Total	596.84	220.29

Government grant has been received for the purpose of purchase of certain items of Property, Plant & Equipment. The condition against which the grant is given is the export obligation to be done within certain period which is not yet elapsed.

25. CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Secured (At amortised cost)#		
Bank Overdraft	325.60	325.52
Export Packing Credit in Rupees	2,000.00	2,000.00
Export Packing Credit in Foreign currency	623.76	–
	2,949.36	2,325.52
Unsecured (At amortised cost)		
Deposit from Distributors / Customers	254.25	254.25
	254.25	254.25
Total	3,203.61	2,579.77

₹ 2,949.36 lakhs (Previous Year ₹ 2,325.52 lakhs) borrowed by Holding Company is secured by first pari passu charge on the stocks and book debts of the Holding Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

26. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Payable to Micro and Small Enterprises	945.29	787.01
Payable to Other than Micro and Small Enterprises	11,433.96	10,950.45
Total	12,379.25	11,737.46

The details of amount outstanding to Micro and Small Enterprise based on available information with the Holding company is as under:

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
a) The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
• Principal	945.29	787.01
• Interest due thereon	58.73	51.17
b) The amount of interest paid by the buyer in terms of S. 16 of Micro, Small and Medium Enterprise Development Act, 2006.	–	–
c) The amount of payment made to supplier beyond the appointed day during each accounting year.	1,751.13	3,083.16
d) 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 interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	–	–
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	58.73	51.17
f) The amount of further interest remaining due and payable even in succeeding years, until such date when interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under S. 23 of Micro, Small and Medium Enterprise Development Act, 2006.	58.73	51.17

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Holding company. This has been relied upon by the auditors.

The delayed payment has been computed having regard to specified credit period for 45 days under Micro, Small and Medium Enterprise Development Act, 2006.

27. CURRENT FINANCIAL LIABILITIES-OTHERS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Interest accrued and due on borrowings	2.23	–
Unclaimed Dividends	185.34	132.40
Creditors for capital expenditure	787.41	180.61
Forward contract payable	389.69	–
Other payables	9,840.52	7,237.86
Lease Liability (Refer note no. 46)	495.30	–
Security Deposit from Customers	10.00	8.00
Total	11,710.49	7,558.87

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

28. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Advance from Customers	1,370.22	1,275.42
Deferred Government Grant	164.86	71.32
Other payables	1,142.74	404.15
Total	2,677.82	1,750.89

29. CURRENT LIABILITIES - PROVISIONS

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Provision for employee benefits		
Gratuity	293.35	44.71
Leave Encashment	418.03	353.01
Total	711.38	397.72

30. CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Provision for Taxes	7,620.59	7,532.80
Less: Taxes Paid	7,018.54	7,139.13
Total	602.05	393.67

A. The major components of income tax expense for the year are as under:

(₹ in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
i. Income tax recognized in the Statement of Profit and Loss		
Current Tax:		
Current tax on profit for the year	8,469.36	7,846.28
Earlier years' tax	(29.98)	91.83
Deferred tax :		
Deferred Tax expenses	(789.36)	1,364.18
Total Income tax recognized in the Statement of Profit and Loss	7,650.02	9,302.29
ii. Income tax recognized in other comprehensive income		
Deferred tax :		
Deferred Tax expenses on re-measurement of defined benefit plan	170.32	(15.71)
Total Income tax recognized in other comprehensive income	170.32	(15.71)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

B. Reconciliation of tax expense and the accounting profit for the year is as under: (₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Accounting Profit before income tax expenses	34,889.23	28,699.26
Enacted tax rate in India (%)	25.17	34.94
Expected income tax expense	8,780.92	10,028.67
Tax effect of :		
Expenses not deductible	411.38	(470.81)
Allowances and concessions	(50.59)	(182.50)
Deductible expenses (Net)	(328.81)	(152.92)
Changes in Tax rate	(1,203.56)	-
Non taxable subsidiaries and effect of differential tax rate under various jurisdiction	70.66	(11.98)
Tax expenses	7,680.00	9,210.46
Adjustment recognised in current year in relation to the current tax of earlier years	(29.98)	91.83
Tax expenses recognized in statement of profit and loss	7,650.02	9,302.29
Effective tax rate (%)	22.01	32.09

31. REVENUE FROM OPERATIONS (₹ in lakhs)

Particulars	2019-2020	2018-2019
Sales of Products :		
Sale of Pharmaceuticals Products	172,271.54	159,438.88
Product Development Service	1,195.36	150.02
Exchange Rate Difference realised	593.18	1,086.44
	174,060.08	160,675.34
Other Operating Revenues :		
Manufacturing Charges	79.80	86.04
Export Incentives	2,883.93	2,924.84
Sale of Scrap	214.04	267.27
Government Grant	91.14	68.65
Insurance Claims	13.34	35.90
Others	130.58	262.00
	3,412.83	3,644.70
Total	177,472.91	164,320.04

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

32. OTHER INCOME

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Interest Income :		
Bank Deposit	18.13	100.43
Others	243.97	129.15
Dividend From Investment	148.04	88.36
Profit on sale of Investment	2,501.30	1,545.93
Fair value changes of Investment designated as FVTPL	1,298.40	1,771.53
Profit on sale of Assets (Net)	178.75	244.70
Provision for Doubtful debts Written Back /Recovered	-	18.92
Excess provision written back	416.48	9.32
Others	261.92	235.65
Total	5,066.99	4,143.99

33. COST OF MATERIAL CONSUMED

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Opening Inventories	9,929.47	8,864.99
Purchases	47,929.57	46,430.45
	57,859.04	55,295.44
Less: Closing Inventories	12,611.00	9,929.47
Total	45,248.04	45,365.97

33. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Inventories at the beginning		
Finished Goods	10,537.11	8,803.83
Work-in-progress	1,928.71	1,981.00
Stock-in-trade	1,947.48	1,698.49
	14,413.30	12,483.32
Less: Inventories at the end		
Finished Goods	10,649.35	10,537.11
Work-in-progress	2,247.90	1,928.71
Stock-in-trade	1,915.32	1,947.48
	14,812.57	14,413.30
Total	(399.27)	(1,929.98)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

34. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Salaries and Other Benefits	29,774.52	26,528.04
Contribution to Provident Fund and Other Funds	1,801.97	1,626.69
Gratuity Expense	267.13	231.59
Staff Welfare	448.05	431.27
Total	32,291.67	28,817.59

35. FINANCE COST

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Interest Expenses :		
Interest on working capital borrowings	203.80	247.64
Interest (Income)/cost on Employee Benefit	(22.83)	90.83
Other Borrowing Cost :		
Loan Processing Charges	21.42	19.70
Guarantee Charges	12.63	12.96
Other Interest	87.94	93.72
Total	302.96	464.85

36. OTHER EXPENSE

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Manufacturing charges	839.80	976.79
Stores and spares	505.58	501.10
Power and fuel	6,153.96	6,328.60
Compensation rent (Refer note no. 46)	223.84	1,102.24
Rates and taxes	126.60	122.97
Insurance	381.23	251.02
Freight and transport charges	5,360.39	5,786.89
Repairs to :		
Building	315.91	330.20
Machinery	1,552.42	1,390.38
Others	302.74	560.34
Sales promotion and publicity	8,265.61	8,179.29
Selling commission	3,429.81	3,180.02
Travelling and conveyance	4,056.35	3,729.31
Labour Hire Charges	2,252.70	2,106.71
Laboratory Expenses	1,938.61	2,388.47
Directors' fees	48.80	47.80
Royalty	1,001.98	1,008.22
Payment to Auditors :		
Audit fees	51.80	43.42
CSR Activity Expenses	442.47	410.73
Donations	14.97	30.61
Net (Gain)/loss on foreign currency transactions and translation	673.67	867.97
Bad debts	10.48	8.48
Provision for doubtful debts/deposits/expected credit loss	89.86	31.50
Miscellaneous expenses	6,304.69	5,889.17
Total	44,344.27	45,272.23

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

37. COMMITMENTS & CONTINGENCIES:

COMMITMENTS

- Capital Commitments:**

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided (Net of Advance)	1,046.69	1,580.94

- Other Commitments:**

The Holding Company has imported capital goods including spares under the Export Promotion Capital Goods Scheme (EPCG) utilizing the benefit of zero rate or concessional rate of Custom duty. These benefits are subject to the fulfilment of certain export obligation within the stipulated period of time under the EPCG Scheme. Such export obligation remaining to be fulfilled at the year-end is as follows:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Export obligations under EPCG Scheme	2,631.80	187.43

CONTINGENCIES

- Claim against the Holding Company not acknowledged as debts:**

Pharmaceutical Division of Unique Pharmaceutical Laboratories Ltd. (UPLL) which was acquired by the Holding Company on a going concern basis, has received demand notices from Dept. of Chemicals & Fertilizers, Govt. of India, New Delhi demanding a sum of ₹461.47 lakhs in respect of the Bulk Drug Metronidazole and a further sum of ₹ 591.05 lakhs in respect of the Bulk Drug Oxyphenbutazone. These amounts were claimed on hypothetical basis in 1996, under para 7(2) of DPCO 79 read with para 14 of DPCO 87 and para 12 of DPCO 95, long after repeal of DPCO 79 and DPCO 87 and gains allegedly notionally made by it by procuring the Bulk Drugs at alleged lower cost. UPLL has filed review petition against each of these claims disputing the jurisdiction, power and legal or rational basis for making such demands, particularly in view of the repeal of DPCO 79 and DPCO 87. The Holding Company has filed Writ Petitions bearing No. 446 of 2008 in respect of demand for Oxyphenbutazone & Writ Petition No. 2623 of 2007 in respect of demand for Metronidazole in Bombay High Court. These Writ Petitions have been admitted and the Hon. High Court has restrained the Government from adopting coercive steps to recover the amount till the disposal of the Writ Petition on the Holding Company furnishing security as per the Orders. The Holding Company has already furnished the Bank Guarantee of ₹ 402.35 lakhs as Security. As per the legal advice received by the Holding Company, there is no liability and accordingly no provision is being made in the Accounts for these claims and demands.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Central Excise, Service tax & GST demands / show causes (against which the company has made pre deposit of ₹ 6.82 lakhs, Previous year ₹ 11.92 lakhs)	550.22	493.38
Income Tax (against which the company has made pre deposit of ₹ 7.63 lakhs, Previous year ₹ 7.63 lakhs)	2,089.13	389.69
Sales Tax (against which the company has made pre deposit of ₹ 0.43 lakhs, Previous year ₹ 0.43 lakhs)	4.22	8.34
Letter of Credit opened by the Banks	3,037.34	2,297.47
Guarantees issued by bank on behalf of the Holding Company	1,753.64	1,609.76
	-	2,766.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

The Group does not expect the outcome of the matters stated above to have a material adverse impact on the Group's financial condition, results of operations or cash flows.

Future cash outflows in respect of above matters excluding Letter of Credit is dependent on outcome of certain event and / or decisions of the relevant authorities for the matter under dispute.

38. Travelling expenses of field personnel include incidental expenses on conveyance, postage, stationery and miscellaneous expenses etc.
39. During the current financial year, the Holding company completed rebuilding work of its damaged plant at its API facility at Panoli, Gujarat which met with an accident during the previous financial year due to explosion followed by fire in one of the reactor. Since then, the surveyor appointed by the insurance company has completed the process of loss assessment and has, assessed claim of ₹ 1,324.89 lakhs including rebuilding cost (net of salvage value and other deductible as per policy terms) against claim of ₹ 1,557.70 lakhs (net of salvage value) made by the Holding Company. The Holding Company understand that the surveyor has submitted its final report with the insurance company and it is under review with the appropriate authority of the insurance company.

During the course of survey, based on the initial assessment, the insurance company made an interim payment of ₹ 600 lakhs to the Holding Company to facilitate rebuilding work of the plant. The Holding Company now anticipate that the claim review process would be completed by the insurance company in due course and the final claim of the Holding Company will be settled soon.

40. EMPLOYEE BENEFITS:

a. Defined Contribution Plan

Contribution to defined contribution plan, recognized as expense for the year are as under: (₹ in lakhs)

Particulars	2019-20	2018-19
Employer's Contribution to Provident Fund & Family Pension Fund	1,327.33	1,171.51
Employer's Contribution to Superannuation Fund	227.95	235.45
Employer's Contribution to various Insurance Schemes	130.34	153.05
Employer's Contribution under various Government Scheme	74.70	36.57

b. Defined Benefit Plan- Gratuity – Holding Company

Gratuity is payable to all eligible employees of the Company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

i. Changes in Present Value of defined Benefit Obligation during the year (₹ in lakhs)

Particulars	2019-20	2018-19
Present value of Defined Benefit Obligation at the beginning of the year	4,661.91	4,540.39
Interest Cost	362.70	356.87
Current Service Cost	266.34	230.97
Benefit Paid from the Fund	(687.70)	(398.12)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	286.01	22.44
Actuarial (Gains)/Losses on Obligations - Due to Experience	333.07	(90.64)
Present value of Defined Benefit Obligation at the end of the year	5,222.33	4,661.91

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

ii. Changes in fair value of plan assets during the year

(₹ in lakhs)

Particulars	2019-20	2018-19
Fair Value of Plan Assets at the Beginning of the year	4,955.33	3,384.76
Interest Income	385.52	266.04
Contributions by the Employer	334.05	1,725.88
Benefit paid from the Fund	(687.70)	(398.12)
Return on Plan Assets, Excluding Interest Income	(57.66)	(23.24)
Fair Value of Plan Assets at the end of the year	4,929.54	4,955.32

iii. Net (asset)/liability recognized in the balance sheet

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Present Value of Benefit Obligation at the end of the year	5,222.33	4,661.91
Fair Value of Plan Assets at the end of the year	(4,929.54)	(4,955.32)
Net (asset)/liability recognized in the Balance Sheet	292.79	(293.41)
Net liability – current (refer Note No. 29)	292.79	–

iv. Expenses recognized in the statement of profit and loss for the year

(₹ in lakhs)

Particulars	2019-20	2018-19
Current Service Cost	266.34	230.97
Net Interest Cost	(22.83)	90.83
Expenses recognized	243.51	321.80

v. Expense Recognized in other comprehensive income for the year

(₹ in lakhs)

Particulars	2019-20	2018-19
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	286.01	22.44
Actuarial (Gains)/Losses on Obligations - Due to Experience	333.07	(90.64)
Return on Plan Assets, Excluding Interest Income	57.66	23.24
Net (Income)/Expense For the Period Recognized in OCI	676.74	(44.96)

vi. Actuarial assumptions

Particulars	2019-20	2018-19
Expected Return on Plan Assets	6.82%	7.78%
Rate of Discounting	6.82%	7.78%
Rate of Salary Increase	4.00%	4.00%
Rate of Employee Turnover	2.00%	2.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

vii. Maturity profile of defined benefit obligation

(₹ in lakhs)

Particulars	2019-20	2018-19
Within 1 year	970.11	859.49
1-2 Year	406.59	361.06
2-3 Year	830.89	454.22
3-4 Year	365.80	590.49
4-5 Year	426.91	373.14
5-10 Year	1,804.40	1,927.08

viii. Sensitivity analysis for significant assumptions is as below

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected Benefit Obligation on Current Assumptions	5,222.33	4,661.91
Delta Effect of +1% Change in Rate of Discounting	(297.16)	(264.07)
Delta Effect of -1% Change in Rate of Discounting	340.84	302.41
Delta Effect of +1% Change in Rate of Salary Increase	347.19	311.01
Delta Effect of -1% Change in Rate of Salary Increase	(307.44)	(275.51)
Delta Effect of +1% Change in Rate of Employee Turnover	68.74	92.71
Delta Effect of -1% Change in Rate of Employee Turnover	(77.91)	(105.38)

ix. Investment details:

The Company made annual contribution to the LIC of an amount advised by the LIC. The Company was not informed by LIC of the investments made or the break-down of the plan assets by investment type.

c. Defined Benefit Plan- Staff end-of-service benefits– Unique Pharmaceutical Laboratories FZE

The Company made provision for the year of ₹ 0.79 lakhs (Previous year ₹ 0.62 lakhs) in respect of staff end-of-service benefits and accumulated liability in respect of staff end-of-service benefits is ₹ 0.56 lakhs (Previous year ₹ 44.71 lakhs) as of March 31, 2020 assuming that all the employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on actuarial basis as salary inflation and discount rate are likely to have approximately equal and opposite affects.

d. Leave Encashment

The Holding Company's employees are entitled for compensated absences which are allowed to be accumulated and encashed as per the Company's rule. The liability of compensated absences, which is non-funded, has been provided based on report of independent actuary using "Projected Unit Credit Method". Accordingly, the Holding company has made provision for compensated absences for the year of ₹ 211.78 lakhs (Previous year ₹ 4.02 lakhs) and accumulated liability is ₹ 918.77 lakhs (Previous year ₹ 706.98 lakhs) as of March 31, 2020.

In respect of subsidiary companies, employees are entitled for compensated absences which are allowed to be accumulated and encashed as per the respective Company's rule. The liability of compensated absences has been provided on undiscounted basis. Accordingly, these subsidiary companies have made provision for compensated absences for the year ₹ 153.72 lakhs (Previous year ₹ 122.72 lakhs) and accumulated liability is ₹ 237.94 lakhs (Previous year ₹ 218.92 lakhs) as of March 31, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

41. SEGMENT REPORTING:

a) Operating Segment:

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the decision makers at respective entity level in assessing the performance and deciding on allocation of resources. The Group, accordingly has only one reportable business segment i.e. 'Pharmaceuticals'.

b) Geographical Segment:

The geographic information analyses the Group's revenues and non-current assets by the Holding Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customers and segment assets are based on geographical location of assets.

(₹ in lakhs)

Particular	2019-20	2018-19
a) Revenue from External Customers		
In India	86,706.43	72,364.19
Outside India	90,766.48	91,955.85
b) Non-current Assets		
In India	60,223.30	57,152.43
Outside India	1,559.18	1,650.98
c) Information about major customers		
Consolidated Revenue – exceeding 10% from each single external customer.	Nil	Nil

42. Exceptional item of ₹ 1,000.00 lakhs represent amount payable on account of compensation to be deposited with Gujarat Pollution Control Board ordered by the Supreme Court in accordance with the precautionary principle vide its judgement dated April 1, 2020 in pursuance of the appeal filed by the Holding Company against the order dated January 8, 2016 passed by the National Green Tribunal (NGT). Supreme Court, vide the said judgement, set aside NGT's direction for closure of the Holding Company's API Unit at Panoli, Gujarat and revocation of environmental clearance granted to the said Unit.

43. DEFERRED TAX

The major components of deferred tax liabilities and assets arising on account of timing differences are as follows:

As at March 31, 2020

(₹ in lakhs)

Particulars	As at April 1, 2019	Recognized/reversed through profit and loss	Recognized in other comprehensive income	Foreign Currency Translation Reserve	As at March 31, 2020
Tax effect of item constituting deferred tax liabilities					
i. Property, plant and equipment	5,490.48	(1,614.92)	-	-	3,875.56
ii. Fair valuation of Investment designated as FVTPL	2,231.31	302.08	-	-	2,533.39
	7,721.79	(1,312.84)	-	-	6,408.95
Tax effect of item constituting deferred tax assets					
i. Employee benefits	247.05	(112.45)	170.32	-	304.92
ii. Brought Forward Loss	597.90	(99.13)	-	-	498.77
iii. Others	1,186.11	(311.90)	-	(82.99)	791.22
	2,031.06	(523.48)	170.32	(82.99)	1,594.91
Net deferred tax liability/ (asset)	5,690.73	(789.36)	(170.32)	82.99	4,814.04

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

As at March 31, 2019

(₹ in lakhs)

Particulars	As at April 1, 2018	Recognized/ reversed through profit and loss	Recognized in other comprehensive income	MAT (utilized)/ availed	Foreign Currency Translation Reserve	As at March 31, 2019
Tax effect of item constituting deferred tax liabilities						
i. Property, plant and equipment	5,126.97	363.51	-	-	-	5,490.48
ii. Fair valuation of Investment designated as FVTPL	1,800.55	430.76	-	-	-	2,231.31
	6,927.52	794.27	-	-	-	7,721.79
Tax effect of item constituting deferred tax assets						
i. Employee benefits	643.22	(380.46)	(15.71)	-	-	247.05
ii. MAT credit entitlement	999.47	-	-	(999.47)	-	-
iii. Brought Forward Loss	687.74	(89.84)	-	-	-	597.90
iv. Others	1,358.51	(99.62)	-	-	(72.78)	1,186.11
	3,688.94	(569.92)	(15.71)	(999.47)	(72.78)	2,031.06
Net deferred tax liability/ (asset)	3,238.58	1,364.19	15.71	999.47	72.78	5,690.73

The Holding Company has the following unused tax losses under the head Long Term Capital Gain under the Income Tax Act, 1961. Based on the probable uncertainty regarding the set off of these losses, the Holding Company has not recognized deferred tax asset in the Balance Sheet:

(₹ in lakhs)

Financial Year	As at March 31, 2020	Expiry Date	As at March 31, 2019	Expiry Date
2015 – 2016	84.19	March 31, 2024	247.70	March 31, 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

44. RELATED PARTY DISCLOSURE:

Related party disclosure as required by Ind AS 24, 'Related Party Disclosures' notified under Section 133 of the Companies Act, 2013, are given below:

Names and Relationships of the Related Parties:

I Associate Concerns/Trusts/Companies:

- | | |
|--------------------------------|--|
| a. Mody Trading Company | k. Shirish Mody Enterprises LLP |
| b. Mody Brothers | l. Bharati Mody Ventures LLP |
| c. Jyotindra Family Trust | m. Synit Drugs Pvt. Ltd. |
| d. Dinesh Family Trust | n. Unique Pharmaceutical Laboratories Ltd. |
| e. Shirish Family Trust | o. Ifunik Pharmaceuticals Ltd. |
| f. Lekar Pharma Ltd. | p. Namplas Chemicals Pvt. Ltd. |
| g. J.B. Mody Enterprises LLP | q. Gemma Jewellery Pvt. Ltd. |
| h. Ansuya Mody Enterprises LLP | r. Jyotindra Mody Ventures LLP |
| i. Dinesh Mody Ventures LLP | s. D. B. Mody Enterprises LLP |
| j. Kumud Mody Ventures LLP | t. Shirish Mody Property LLP |

II Key Management Personnel (KMP):

- a. Shri Jyotindra B. Mody
- b. Shri Dinesh B. Mody (upto 28-08-2019)
- c. Shri Shirish B. Mody
- d. Shri Bharat P. Mehta
- e. Shri Pranabh D. Mody
- f. Shri Kamlesh L. Udani
- g. Shri Sandeep Nasa

III Relatives of KMP:

- a. Mrs. Kumud D. Mody
- b. Mrs. Bharati S. Mody
- c. Mrs. Pallavi B. Mehta
- d. Mrs. Purvi U. Asher
- e. Mrs. Deepali A. Jasani
- f. Mrs. Priti R. Shah
- g. Shri Nirav S. Mody
- h. Shri Jay B. Mehta
- i. D. B. Mody HUF
- j. S. B. Mody HUF

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

Following transactions were carried out with related parties:

(₹ in lakhs)

Name of Related Party	Nature of Transaction	2019-20	2018-19	
(I) Associate Concern / Trusts / Companies:				
a.	Jyotindra Family Trust	Payment of Rent	37.51	37.51
		O/S Receivable	9.68	9.68
b.	Dinesh Family Trust	Payment of Rent	8.35	8.35
		O/S Receivable	3.50	3.50
c.	Shirish Family Trust	Payment of Rent	8.35	8.35
		O/S Receivable	3.50	3.50
d.	J. B. Mody Enterprises LLP	Payment of Rent	3.96	5.95
		Rent deposit refund	1.26	-
		O/S Receivable	-	1.26
e.	Dinesh Mody Ventures LLP	Payment of Rent	3.96	5.95
		Rent deposit refund	1.26	-
		O/S Receivable	-	1.26
f.	Shirish B Mody Enterprises LLP	Payment of Rent	3.96	5.95
		Rent deposit paid	1.26	-
		O/S Receivable	-	1.26
g.	Jyotindra Mody Ventures LLP	Payment of Rent	261.10	261.10
		Reimbursement of Expenses	8.81	10.58
		O/S Receivable	110.64	110.64
h.	D. B. Mody Enterprises LLP	Payment of Rent	261.10	261.10
		O/S Receivable	110.64	110.64
i.	Shirish Mody Property LLP	Payment of Rent	261.10	261.10
		O/S Receivable	110.64	110.64
j.	Unique Pharmaceutical Laboratories Ltd.	Royalty paid	1,120.13	1,120.02
		Purchase of Trade mark	896.00	-
k.	Namplas Chemicals Pvt. Ltd.	Processing Charges	22.79	35.29
		O/S Payable	-	3.22
l.	Gemma Jewellery Pvt. Ltd.	Purchase of goods	-	2.59
m.	Lekar Pharma Ltd	Sale of goods	155.88	96.41
		Purchas of goods	6,315.52	5,484.14
		Receipt of Manufacturing Charges	93.37	101.53
		O/S Payable	1,252.13	897.66
(II) Key Management Personnel:				
a.	Shri Jyotindra B. Mody	Remuneration	600.72	572.11
		Retirement benefit Expenses*	72.09	68.65

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

Name of Related Party		Nature of Transaction	2019-20	2018-19
b.	Shri Dinesh B. Mody	Remuneration	262.18	572.11
		Retirement benefit Expenses*	28.05	68.65
		Gratuity	525.66	-
c.	Shri Shirish B. Mody	Remuneration	600.72	572.11
		Retirement benefit Expenses*	72.09	68.65
d.	Shri Bharat P. Mehta	Remuneration	272.42	247.65
		Retirement benefit Expenses*	36.78	33.43
e.	Shri Pranabh D. Mody	Remuneration	272.42	247.65
		Retirement benefit Expenses*	36.78	33.43
f.	Shri Kamlesh L. Udani	Remuneration	180.20	160.18
		Retirement benefit Expenses*	24.33	21.62
g.	Shri Sandeep Nasa	Remuneration	320.99	344.91
		Retirement benefit Expenses	1.58	1.35
		O/S Payable	-	28.54
(III)	Relative of Key Management Personnel:			
a.	Shri Nirav S. Mody	Remuneration	172.24	160.40
		Retirement benefit Expenses*	23.25	21.80
b.	Shri Jay B. Mehta	Remuneration	172.24	160.40
		Retirement benefit Expenses*	23.25	21.80
c.	D. B. Mody - HUF	Payment of Rent	29.16	29.16
		O/S Payable	2.22	-
		O/S Receivable	6.18	6.18
d.	S. B. Mody - HUF	Payment of Rent	29.16	29.16
		O/S Receivable	6.18	6.18

* Excludes provision for compensated leave and gratuity for KMP and Relative of KMP as both liabilities are provided on overall Group basis and not identified separately in actuarial valuation.

Note: Figures are inclusive of GST where ever applicable.

45. EARNINGS PER SHARE:

Particulars	2019-20	2018-19
Net Profit attributable to Equity Shareholders (₹ in lakhs)	27,204.71	19,346.63
Weighted Average No. of Equity shares (Nos)		
Basic	79,556,692	82,190,980
Diluted	79,556,692	82,190,980
Nominal value of equity shares (₹)	2.00	2.00
Earnings per share (₹)		
Basic	34.20	23.54
Diluted	34.20	23.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

46. The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the Standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognized on the date of initial application, that is, April 1, 2019. Accordingly, the Group has not restated comparative information.

Group measure lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, and measure that right-of-use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application. This has resulted in recognizing a right-of-use (ROU) assets of ₹ 1,439.67 lakhs and lease liability of ₹ 1,401.65 lakhs as at April 1, 2019.

The effect of this adoption is not significant on the consolidated profit and loss for the year and earning per share.

A) Following are the changes in the carrying amount of Right-of-Use Assets for the year ended March 31, 2020.

(₹ in lakhs)

Particulars	2019 -2020
Office Buildings	
Balance as on April 1, 2019	Nil
On Transition to Ind AS 116	1,439.67
Additions during the year	-
Deletion on Cancellation of lease	(16.85)
Foreign Currency Translation Reserve	4.18
Depreciation on ROU – Office Buildings	(836.29)
Depreciation on deletion	10.85
Foreign Currency Translation Reserve	6.79
Balance as on March 31, 2020	608.35

B) The following is the movement in Lease Liabilities for the year ended March 31, 2020

(₹ in lakhs)

Particulars	2019 -2020
Balance as on April 1, 2019	Nil
On Transition to Ind AS 116	1,401.65
Additions during the year	-
Finance Cost incurred during the year	80.36
Deletion on Cancellation of lease	(6.18)
Payment of lease liabilities	(867.82)
Foreign Currency Translation Reserve	10.21
Balance as on March 31, 2020	618.22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

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

(₹ in lakhs)

Particulars	2019 -2020
Due within one year	514.73
Due within One year to five years	136.54
Total undiscounted Lease Liabilities	651.27
Lease Liabilities included in the Statement of Consolidated Financial Position	
Non – Current Liabilities	122.92
Current Liabilities	495.30
Total	618.22

The Group does not face a liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

C) The following amounts are recognized in the Consolidated Statement of Profit and Loss for the year ended March 31, 2020:

(₹ in lakhs)

Particulars	2019 -2020
Interest Expenses on Financial Liabilities	80.36
Depreciation on lease Rent / ROU of Assets	836.29
Expenses relating to Short Term Lease	208.82
Expenses relating to Leases of Low Value Assets	15.02
Total	1,140.49

D) The following amounts are recognized in the Consolidated Statements of Cash Flows for the year ended March 31, 2020:

(₹ in lakhs)

Particulars	2019 -2020
Total Cash Outflows for leases	867.82

47. CSR Expenditure:

Gross amount required to be spent during the year ₹ 442.36 lakhs (Previous year ₹ 418.55 lakhs). Amount spent during the year ₹ 442.47 lakhs (Previous year ₹ 410.73 lakhs) as detailed hereunder:

(₹ in lakhs)

Nature of activity	2019-20	2018-19
Promoting Healthcare including preventive healthcare	412.40	344.27
Promotion of Education	30.07	66.05
Eradication of Poverty and malnutrition	–	0.41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

48. Financial risk management objectives and policies

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

Group has exposure to following risks arising from financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

Risk management framework

Group's senior management ("Management") has overall responsibility for establishment of Group's risk management framework. Management is responsible for developing and monitoring Group's risk management policies, under the guidance of Audit Committee. Management identifies, evaluate and analyses the risks to which the Group is exposed to and set appropriate risk limits and controls to monitor risks and adherence to limits.

Management periodically reviews its risk policy and systems to assess need for changes in the policies to adapt to the changes in market conditions and align the same to the business of the Group. Management through its interaction and training to concerned employees aims to maintain a disciplined and constructive control environment in which concerned employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks to which Group is exposed. The Audit Committee is assisted in its role by the internal auditor wherever required. Internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds and financial institutions, foreign exchange transactions and other financial instruments.

The Group has adopted a policy of only dealing with counterparties that have sufficiently high credit standards and financial strength. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the several counterparties.

Credit risk arising from derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the reputed credit rating agencies.

As regards credit risk for investment in mutual funds, the Group limits its exposure to credit risk by investing mainly in debt securities issued by mutual funds which are of high credit ranking from rating agency like CRISIL or the equivalent rating agency. The Group monitors changes in credit risk by tracking published external credit ranking. Based on its on-going assessment of counterparty risk, the Group adjusts its exposure to various counterparties from time to time.

Credit risk from Trade receivables is managed by the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables are mainly from stockist, distributors and direct customers and are non-interest bearing. Trade receivables generally ranges from 30 days to 180 days credit term. Credit limits are established for all customers based on internal criteria and any deviation in credit limit require approval of Head of the department and / or Directors depending upon the quantum and overall business risk. Majority of the customers have been doing business with the Group for more than 3 years and they are being monitored by individual business managers who deals with those customers. Management monitors trade receivables on regular basis and take suitable action where needed to control the receivables crossing set criteria / limits. Also, in case of international business, particularly new customers, management reviews the business risk by evaluating economic situation of the country

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

and the customers and generally starts the relation either on advance payment or on the basis of confirmed irrevocable letter of credit.

Management does an impairment analysis at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Further, the Group's customers base is widely distributed both economically as well as geographically and in view of the same, the quantum risk also gets spread across wide base and hence management considers risk with respect to trade receivable as low.

For trade receivables, as a practical expedient, the Group computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

Expected credit loss for trade receivables under simplified approach as at the end of each reporting period is as follows:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Gross carrying amount	34,967.39	31,252.33
Expected credit loss at simplified approach	424.77	429.97
Carrying amount of trade receivables (net of impairment)	34,542.62	30,822.36

b) Liquidity risk:

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system.

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash or cash equivalent available to meet all its normal operating commitments in a timely and cost-effective manner. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next three to six months.

Exposure to Liquidity Risk

The following are the remaining contractual maturities of undiscounted financial liabilities at the reporting date.

(₹ in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Less than 1 Year	More than 1 Year	Total	Less than 1 Year	More than 1 Year	Total
Non-Derivatives						
Borrowings	3,203.61	–	3,203.61	2,579.77	–	2,579.77
Trade Payable	12,379.25	–	12,379.25	11,737.46	–	11,737.46
Other Financial Liabilities	11,320.80	122.92	11,443.72	6,983.33	–	6,983.33
Derivatives						
Forward Contract	389.69	–	389.69	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

c) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks:

- i. interest rate risk;
- ii. currency risk; and
- iii. Equity price risk.

Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has not used any interest rate derivatives.

The Group's interest-bearing financial instruments are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Bank Overdraft	325.60	325.52
Export Packing Credit in Rupees	2,000.00	2,000.00
Export Packing Credit in Foreign Currency	623.76	–
Total	2,949.36	2,325.52

The Group has insignificant interest-bearing financial instruments as referred above and hence the exposure to risk of changes in market interest rates is very low.

ii) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. Primarily, the exposure in foreign currencies are denominated in USD and EURO. At any point in time, the Group covers foreign currency risk by taking appropriate percentage of its net foreign currency exposure by entering into forward exchange contracts on past performance basis mostly with a maturity of less than one year from the reporting date. In respect of monetary assets and liabilities denominated other than in USD and EURO, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

All such hedged transactions are carried out within the guidelines set by the risk management committee. The Group does not enter into any derivative instruments for trading or speculative purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

The carrying amounts of the Group's foreign currency denominated monetary items are as follows:

(₹ in lakhs)

Currency	Liabilities		Assets	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
USD	1,573.39	1,056.29	13,042.26	15,327.60
EURO	191.58	86.97	3,867.53	1,873.53
AUD	230.27	1.22	1,399.00	1,321.71
RUBLE	-	15.04	-	-
AED	475.06	-	1,336.48	945.87
Others	38.41	2.09	-	-

Details of Hedged exposure in foreign currency denominated monetary items:

The Group enters into forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transactions based on past performance. The Group does not enter into any derivative instruments for trading or speculative purpose.

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency	As at March 31, 2020		As at March 31, 2019	
	F.C. (in Mn.)	₹ in lakhs	F.C. (in Mn.)	₹ in lakhs
Forward contract to sell USD	21.72	16,392.84	20.25	14,002.88
Forward contract to sell Euro	3.92	3,260.18	0.25	195.70
Forward contract to sell Rubble	292.00	2,771.37	362.00	3,857.83
Forward contract to buy USD	-	-	0.82	567.72

Details of Unhedged exposure in foreign currency denominated monetary items:

Currency	As at March 31, 2020		As at March 31, 2019	
	F.C. (in Mn.)	₹ in lakhs	F.C. (in Mn.)	₹ in lakhs
RECEIVABLE:				
USD	-	-	1.92	1,324.72
EURO	0.73	607.35	2.14	1,677.83
AUD	3.00	1,399.00	2.69	1,321.71
AED	6.50	1,336.48	5.00	945.87
PAYABLE:				
USD	2.08	1,573.39	0.71	488.57
EURO	0.23	191.58	0.11	86.97
AUD	0.49	230.26	-	1.22
AED	2.31	475.06	-	-
RUBLE	-	-	1.41	15.04
OTHERS	0.04	38.41	-	2.09

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

The Group is mainly exposed to changes in USD and EURO. The below table demonstrates the sensitivity to a 1% increase or decrease in the USD and EURO against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 1% represents management's assessment of reasonably possible change in foreign exchange rate.

(₹ in lakhs)

Particulars	Currency	As at	As at
		March 31, 2020	March 31, 2019
1% Depreciation in INR	USD	(49.24)	8.36
1% Appreciation in INR	USD	49.24	(8.36)
1% Depreciation in INR	EURO	4.16	15.91
1% Appreciation in INR	EURO	(4.16)	(15.91)

iii) Equity Price risk:

The Group does not have any exposure to equity price risk, as there is no major investment in equity except in its own subsidiaries and accordingly, exposure to risk of changes in price is very low.

49. CAPITAL MANAGEMENT:

For the purpose of the Group's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to safeguard the Group's ability to remain as a going concern and to maintain and optimal capital structure so as to maximise shareholder's value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plan. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or buy-back of shares. The current capital structure of the Group is equity based with low financing through borrowings. The Group is not subject to any externally imposed capital requirement.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

50. FAIR VALUE MEASUREMENT

A) The Carrying value and Fair value of financial assets and liabilities by categories are as follows:

Particulars	Carrying value of the financial assets/liabilities		Fair value of the financial assets/liabilities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial Assets at amortized cost (non-current)				
Investment in Government securities	–	0.29	–	0.29
Loans	28.10	358.86	28.10	358.86
Other financial assets	13.23	15.82	13.23	15.82

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

(₹ in lakhs)

Particulars	Carrying value of the financial assets/liabilities		Fair value of the financial assets/liabilities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial Assets at amortized cost (current)				
Trade receivables	34,542.62	30,822.36	34,542.62	30,822.36
Cash and bank balance	3,094.81	3,679.71	3,094.81	3,679.71
Loans	421.22	140.23	421.22	140.23
Other financial assets	721.07	1,303.72	721.07	1,303.72
Financial liabilities at amortized cost (current)				
Borrowings	3,203.61	2,579.77	3,203.61	2,579.77
Trade payables	12,379.25	11,737.46	12,379.25	11,737.46
Others	11,320.80	7,558.87	11,320.80	7,558.87
Financial Assets at Fair value through profit & loss (non-current)				
Investment	6,945.45	9,587.27	6,945.45	9,587.27
Financial Assets at Fair value through profit & loss (current)				
Investment	33,381.26	36,064.99	33,381.26	36,064.99
Forward contract	–	403.47	–	403.47
Financial Liabilities at Fair value through profit & loss (current)				
Forward contract	389.69	–	389.69	–

B. Level-wise disclosures of financial assets and liabilities by categories are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Level	Valuation techniques and key inputs
Financial Assets at amortized cost (non-current)				
Deposit for premises	11.73	338.85	3	Discounted cash flow method using interest rate for similar financial instrument.
Financial Assets at Fair value through profit & loss (non-current)				
Investment in Mutual Fund	5,656.98	8,383.80	1	Quoted NAV in active markets.
Investment in Equity shares	1,288.47	1,203.47	3	Value based on the NAV as per latest audited financial statement available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Level	Valuation techniques and key inputs
Financial Assets at amortized cost (current)				
Deposit for premises	347.13	–	3	Discounted cash flow method using interest rate for similar financial instrument.
Financial Assets at Fair value through profit & loss (current)				
Investment in Mutual Fund	33,381.26	36,064.99	1	Quoted NAV in active markets.
Forward contract	–	403.47	2	Forward contracts are valued using available information from the banks.
Financial Liabilities at Fair value through profit & loss (current)				
Forward contract	389.69	–	2	Forward contracts are valued using available information from the banks.

Fair value of cash and cash equivalents, short term loans, trade receivables, trade payables, other financial assets/liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2019.

During the reporting period ended March 31, 2020 and March 31, 2019, there were no transfers between level 1, level 2 and level 3 fair value measurements.

C) Reconciliation of the opening and closing balances for Level 3 fair value:

(₹ in lakhs)

Particulars	Investment in Equity shares	Deposit for premises
Opening Balance as on April 1, 2019	1,203.47	338.85
Addition during the year	–	–
Deletion during the year	–	3.78
Interest Income - Others	–	23.79
Fair value changes of Investment designated as FVTPL	85.00	–
Closing Balance as on March 31, 2020	1,288.47	358.86

One percentage point change in the unobservable inputs used in fair valuation of level 3 assets or liabilities does not have significant input in its value.

51. EVENTS AFTER THE REPORTING PERIOD

The Board of directors of Holding Company have recommended final dividend of ₹ 1/- per fully paid up equity shares of ₹ 2/- each amounting to ₹ 772.82 lakhs for the financial year 2019-20, which is based on relevant share capital as on March 31, 2020. The actual dividend amount will be dependent on the relevant share capital outstanding as on record date / book closure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended on March 31, 2020

52. ADDITIONAL INFORMATION PERTAINING TO HOLDING AND SUBSIDIARY COMPANIES

(₹ in lakhs)

Name of Entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated comprehensive income	Amount	As % of total comprehensive income	Amount
HOLDING COMPANY								
J. B. Chemicals & Pharmaceuticals Ltd.	100.60	144,529.08	98.57	26,814.40	35.34	(506.42)	102.08	26,307.98
FOREIGN SUBSIDIARIES								
OOO Unique Pharmaceutical Laboratories, Russia	1.18	1,696.25	0.08	22.64	-	-	0.09	22.64
Unique Pharmaceutical Laboratories FZE, Dubai	7.15	10,277.63	(0.72)	(195.85)	-	-	(0.76)	(195.85)
Biotech Laboratories (Pty.) Ltd, South Africa	4.09	5,881.12	2.66	724.88	-	-	2.81	724.88
Non-controlling Interest	0.17	250.10	(0.13)	(34.50)	(4.52)	64.73	0.12	30.23
Total Eliminations	(13.10)	(18,835.15)	(0.47)	(126.86)	69.17	(991.19)	(4.34)	(1,118.05)
TOTAL	100.00	143,799.03	100.00	27,204.71	100.00	(1,432.88)	100.00	25,771.83

53. The world is going through a challenging time on account of spread of COVID -19 virus. The World Health Organization (WHO) has declared the situation as global pandemic. According to the WHO and medical practitioner's advisory, many governments across the world, have, inter alia, declared social distancing and lockdown as measure to prevent the rapid spread of virus. During March 2020, the Government of India has also declared nationwide lockdown to curb the spread of COVID -19 virus.

However, in order to facilitate livelihood and minimize inconvenience to the people, Government of India has categorized certain businesses/activities as "essential good/ services" and have permitted carrying on of those activities with due precaution during the lockdown. Since the Group is in the business of manufacturing and marketing of pharmaceutical products which is categorized as "essential goods/services", the Group is able to continue its business during the lockdown. However, the situation of lockdown has led to lot of uncertainty and disruption with regard to movement of people and material. The Group is therefore, carrying on its activities with due care and precaution and there is no significant adverse impact on the business.

The Group has also considered several internal and external information while finalizing various estimates and recoverability of receivables, goodwill, intangible assets, investments and other assets up to the date of approval of the Consolidated financial statements by the Holding Company Board of Directors and the Group expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets. Management continues to closely monitor the situation and changes to future economic conditions which may be caused due to COVID-19.

54. Figures of previous year have been re-grouped, rearranged and recast, wherever considered necessary. Figures in brackets indicate corresponding figures of previous year.

As per our report of even date

For D N V & Co.

Chartered Accountants
Firm Registration No. 102079W

Bharat Jain

Partner
Membership No. 100583

Place: Mumbai
Date : June 25, 2020

For and on behalf of the Board of Directors

J. B. Mody

Chairman & Managing Director
DIN : 00034851

Vijay D. Bhatt

Chief Financial Officer

Place: Mumbai
Date : June 25, 2020

S. B. Mody

Whole-time Director (Marketing)
DIN : 00035051

M. C. Mehta

Company Secretary
ACS : 8854

FORM AOC-1

(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 / joint venture

PART "A" SUBSIDIARIES

(₹ in lakhs)

Name of the subsidiary	Unique Pharmaceutical Laboratories FZE, Dubai	Biotech Laboratories (Pty.) LTD., South Africa	LLC Unique Pharmaceutical Laboratories, Russia
Reporting period for the subsidiary	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020
Reporting currency	AED	ZAR	RUBLE
Exchange rate to INR as on 31/03/2020	20.56	4.23	0.95
Share capital	9,414.76	0.29	3,881.92
Reserves and Surplus	862.87	6,130.93	(2,185.67)
Total Assets	10,544.75	9,659.71	5,276.74
Total Liabilities	10,544.75	9,659.71	5,276.74
Investments	9,623.50	-	-
Turnover	-	17,054.08	7,132.52
Profit before taxation	(195.85)	987.26	98.16
Profit after taxation	(195.85)	724.89	22.64
Proposed Dividend	-	-	-
% shareholding	100	95.24	100

PART "B": JOINT VENTURE

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

Name of Joint Venture	Not Applicable
Latest audited Balance Sheet Date	Not Applicable
Shares of the Joint Venture held by the Company on the year end	
No.	Nil
Amount of Investment in Joint Venture	Nil
Extend of Holding %	Nil
Description of how there is significant influence	Not Applicable
Reason why the joint venture is not consolidated	Not Applicable
Net-worth attributable to shareholding as per latest audited Balance Sheet	
Profit for the year	
i. Considered in consolidation	Not Applicable
ii. Not considered in consolidation	Not Applicable

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director
DIN : 00034851

Vijay D. Bhatt
Chief Financial Officer

S. B. Mody
Whole-time Director (Marketing)
DIN : 00035051

M. C. Mehta
Company Secretary
ACS : 8854

Place: Mumbai
Date : June 25, 2020

TEN-YEAR FINANCIAL SUMMARY

(₹ in lakhs)

Particulars	10-11	11-12	12-13	13-14	14-15	15-16	#16-17	#17-18	#18-19	#19-20
Balance Sheet										
Share Capital	1,690.34	1,694.15	1,694.15	1,694.63	1,696.16	1,696.40	1,696.40	1,671.40	1,604.73	1,545.64
Reserves and Surplus	69,637.93	93,692.17	99,206.03	103,086.53	99,934.99	112,478.57	137,089.73	143,667.41	146,851.50	142,983.44
Loan Funds	16,856.32	6,981.56	4,960.36	9,278.06	10,521.80	17,480.19	4,886.03	2,847.62	2,579.77	3,203.61
Deferred Tax Liability (Net)	1,443.62	1,655.69	2,197.49	1,988.93	2,162.22	2,282.97	2,895.35	4,970.15	7,115.12	5,884.58
Other non-current liabilities	-	-	-	-	-	-	395.48	360.01	220.29	596.84
Total	89,628.21	104,023.57	108,058.03	116,048.15	114,315.17	133,938.13	146,962.99	153,516.59	158,371.41	154,214.11
Application of Funds										
Net Fixed Assets (Incl. Capital WIP)	22,894.44	28,000.53	29,917.34	32,852.81	35,604.09	50,040.35	61,245.27	58,731.00	56,720.09	59,937.40
Investments	12,328.84	33,771.16	43,365.78	53,611.41	59,749.74	51,304.77	54,377.04	56,669.07	58,949.23	53,623.39
Current Assets, Loans and Advances:										
Inventories	8,178.22	9,079.85	89,88.92	11,122.70	12,847.40	13,329.31	15,995.57	17,581.44	20,810.42	23,203.82
Sundry Debtors	38,545.42	13,120.82	19,464.31	24,805.15	24,849.05	26,802.32	26,509.52	30,054.05	30,092.38	34,423.91
Cash & Bank Balances	12,291.77	21,136.24	14,910.99	1,080.30	905.52	1,080.03	740.49	1,495.33	2,076.80	1,156.29
Loans and Advances	6,488.05	12,163.11	10,635.07	10,720.84	10,920.23	12,255.45	9,569.38	12,134.71	10,562.62	8,756.59
Total Currents Assets	65,503.46	55,500.02	53,999.29	47,728.99	49,522.20	53,467.11	52,814.96	61,265.53	63,542.22	67,540.61
Less: Current Liabilities and Provisions:										
Current Liabilities	7,688.67	10,716.77	14,458.26	13,467.30	14,481.85	18,720.86	19,798.88	21,290.42	20,133.15	25,566.36
Provisions	3,409.86	2,531.37	4,766.12	4,677.76	16,079.01	2,153.24	1,675.40	1,858.59	706.98	1,211.56
Net Current Assets	54,404.93	42,251.88	34,774.91	29,583.93	18,961.34	32,593.01	31,340.68	38,116.52	42,702.09	40,762.69
Total	89,628.21	104,23.57	108,058.03	116,048.15	114,315.17	133,938.13	146,962.99	153,516.59	158,371.41	154,323.48
Profit and Loss Statement										
Sales	78,757.94	63,577.48	79,446.05	93,443.47	103,813.61	111,993.24	116,744.55	122,780.56	146,444.85	160,619.62
Other income	2,499.40	7,915.84	4,792.27	5,963.69	3,369.39	8,115.92	7,713.90	6,218.39	7,696.35	8,389.09
Total Income	81,257.34	71,493.32	84,238.32	99,407.16	107,183.00	120,109.16	124,458.45	128,998.95	154,141.20	169,008.71
Total Expenses	67,152.00	66,630.42	73,463.85	83,558.38	91,272.58	97,399.56	102,780.09	111,094.65	127,213.67	134,052.54
Profit before extraordinary item and taxation	14,105.34	4,862.90	10,774.47	15,848.78	15,910.42	22,709.60	21,678.36	17,904.30	26,927.53	34,956.17
Profit after taxation	11,819.46	64,269.94	8,493.85	6,842.55	11,358.25	17,638.85	17,296.46	12,800.14	18,205.92	26,814.40
Ratios:										
Earning per share (₹)	14.00	75.95	10.03	8.08	13.40	20.80	20.07	15.24	22.15	33.70
Book Value per share (₹)	84.40	112.61	119.12	123.66	119.84	134.61	163.62	173.91	185.02	187.01
Debt Equity Ratio	0.24:1	0.07:1	0.05:1	0.09:1	0.10:1	0.15:1	0.04:1	0.02:1	0.02:1	0.02:1
Current Ratio	5.90:1	4.19:1	2.81:1	2.63:1	1.62:1	2.56:1	2.46:1	3.93:1	4.32:1	3.44:1
Dividend:										
In ₹ per share	2.00	41.00	3.00	3.00	14.00	5.00	1.00	2.00	5.00	11.00
Percentage (%)	100	*2,050	150	150	**700	250	50	100	250	550

* Includes special interim dividend of ₹ 40 (2,000%) per share.

** Includes special dividend of ₹ 10 (500%) per share.

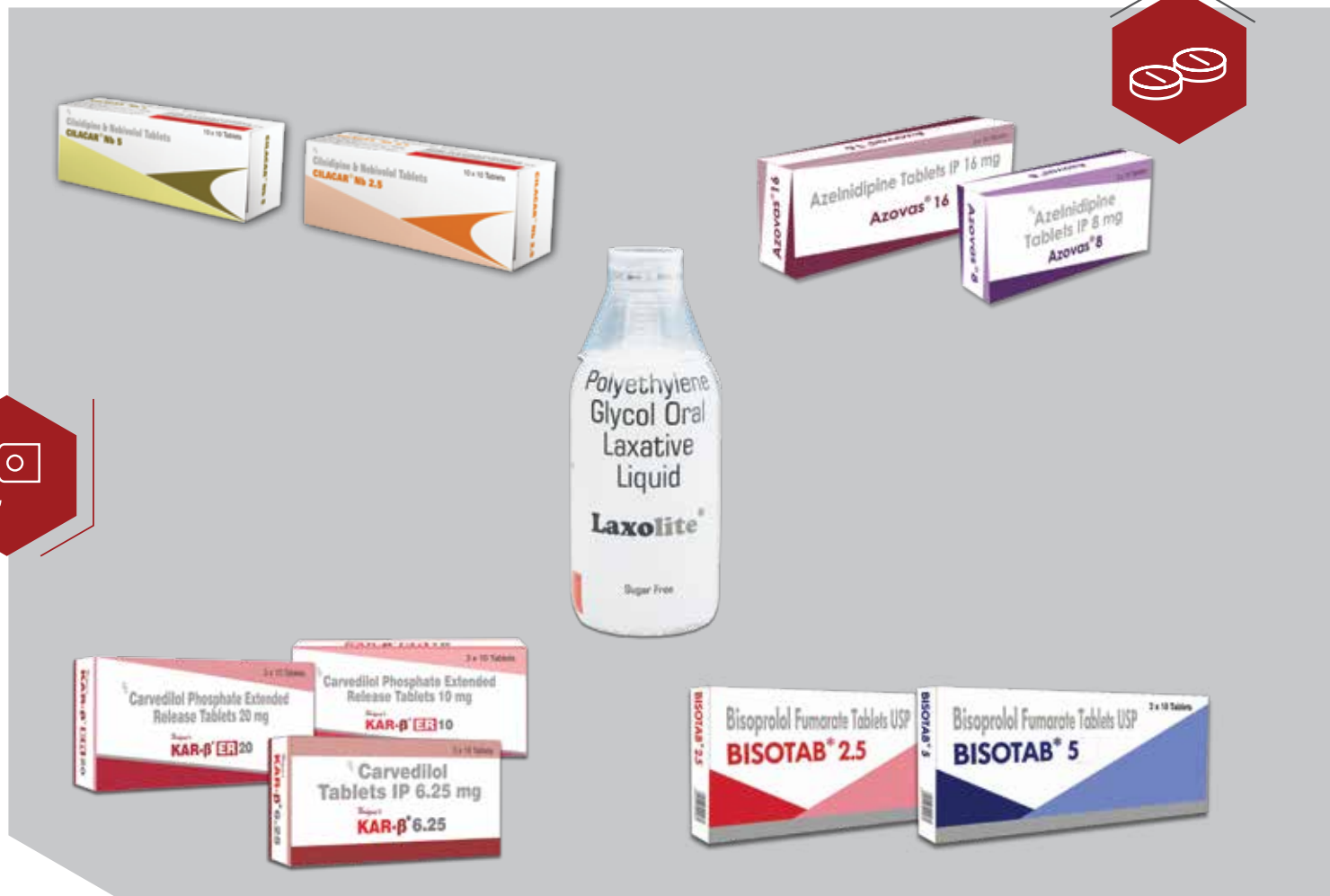
prepared in accordance with new accounting standards prescribed under Companies (Indian Accounting Standards) Rules, 2015 applicable to the Company w.e.f. April 1, 2016.

Share capital and reserves for 2017-18, 2018-19 and 2019-20 are after buy-back outgo of ₹ 50 crores, ₹ 130 crores and ₹ 130 crores respectively.

Notes

A series of horizontal dotted lines for taking notes, starting below the 'Notes' header and extending to the bottom of the page.

New introductions in Domestic Business



Products in Global Business





J. B. CHEMICALS & PHARMACEUTICALS LIMITED

Corporate Office

Cnergy IT Park, Unit A2, 3rd Floor & Unit A, 8th Floor,

Appa Saheb Marathe Marg, Prabhadevi, Mumbai - 400 025

Tel: 91-22-2439 5200 / 2439 5500 | Email: secretarial@jbcpl.com | www.jbcpl.com



J. B. CHEMICALS & PHARMACEUTICALS LIMITED

Registered Office: "Neelam Centre", B' Wing, 4th Floor, Hind Cycle Road, Worli, Mumbai 400 030.
Corporate Office: Energy IT Park, Unit A2, 3rd floor, Appa Saheb Marathe Marg, Prabhadevi, Mumbai 400 025.
CIN:L24390MH1976PLC019380, Web: www.jbcpl.com, Email: secretarial@jbcpl.com, Tel: (022) 2439 5500/ 5200

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY-FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF J.B. CHEMICALS & PHARMACEUTICALS LIMITED WILL BE HELD ON THURSDAY, SEPTEMBER 24, 2020 AT 3.30 P.M. (IST) THROUGH VIDEO CONFERENCE (VC) / OTHER AUDIO VISUAL MEANS (OAVM) TO TRANSACT THE FOLLOWING BUSINESS. THE VENUE OF THE MEETING SHALL BE DEEMED TO BE REGISTERED OFFICE OF THE COMPANY AT NEELAM CENTRE, "B" WING, 4TH FLOOR, HIND CYCLE ROAD, WORLI, MUMBAI 400 030.

ORDINARY BUSINESS:

- (a) To receive, consider and adopt the audited financial statement of the Company for the financial year ended on March 31, 2020 together with the reports of the Board of Directors and the Auditors thereon, and
(b) To receive, consider and adopt the audited consolidated financial statement of the Company for the financial year ended on March 31, 2020 together with the report of the Auditors thereon.
- To confirm interim dividend of ₹ 10 per equity share paid during the financial year 2019-20.
- To declare final dividend of ₹ 1 per equity share for the financial year 2019-20.
- To appoint a director in place of Mr. Pranabh D. Mody (DIN: 00035505), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

- To re-appoint **Mr. Shaukat H. Merchant** as **Independent Director** and, in this regard, pass the following resolution as Special Resolution:

"RESOLVED THAT Mr. Shaukat H. Merchant (DIN: 00075865), who was appointed by the members of the Company at annual general meeting held on August 23, 2016 as independent director for a term up to five (5) consecutive years commencing

from February 03, 2016, and who holds office up to February 02, 2021 and who is proposed for re-appointment for a second term up to further period of five (5) consecutive years based on report of evaluation of performance carried out by the Board of directors, and for whose appointment as director, the Company has received a notice under Section 160 of the Companies Act, 2013 proposing his candidature to the office of director of the Company, be and is hereby re-appointed, pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 as amended and the rules made there under and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as independent director of the Company for a second term of five (5) consecutive years commencing from February 03, 2021."

- To ratify remuneration of cost auditor and, in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, pursuant to Section 148 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the payment of remuneration of ₹ 5,10,000 (excluding GST and out of pocket expenses) to Kishore Bhatia & Associates, Cost Accountants, for audit of cost records of the Company for the financial year 2020-21 as approved by the Board of directors of the Company be and is hereby ratified."

By Order of the Board of Directors

M.C. Mehta

Company Secretary & Vice President-Compliance

Date : June 25, 2020

Place : Mumbai



J. B. CHEMICALS & PHARMACEUTICALS LIMITED

Registered Office: "Neelam Centre", B' Wing, 4th Floor, Hind Cycle Road, Worli, Mumbai 400 030.
Corporate Office: Cnergy IT Park, Unit A2, 3rd floor, Appa Saheb Marathe Marg, Prabhadevi, Mumbai 400 025.
CIN: L24390MH1976PLC019380, Web: www.jbcpl.com, Email: secretarial@jbcpl.com, Tel: (022) 2439 5500/ 5200

NOTICE (Contd.)

NOTES:

1. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 concerning the special business mentioned under item nos. 5 and 6 of the notice is annexed hereto. The Board of directors have decided to include these item nos. 5 and 6 as the same were considered unavoidable keeping in view their nature.
 2. In view of need of social distancing and restrictions on movement of people due to outbreak of COVID-19, the Ministry of Corporate Affairs vide 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 issued by the Ministry of Corporate Affairs has allowed the companies to conduct Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM) during the calendar year 2020. Accordingly, subject to provisions of the said Circulars and provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder, the Board of directors decided to conduct this 44th AGM of the Company through VC/ OAVM in overall interest of members of the Company. National Securities Depository Limited (NSDL) will provide electronic voting facility and VC/ OAVM facility for participation in the AGM. The process and the manner of remote e-voting and e-voting at AGM and procedure for participation in the AGM through VC/ OAVM is given hereunder under note no. 19 and note no. 20 respectively.
 3. As the AGM is being held through VC/ OAVM where physical presence of the members is dispensed with, **the facility of appointment of proxy by the members pursuant to Section 105 of the Act will not be available for this AGM** in line with provision of General Circular No. 14/2020 dated 8th April, 2020. Hence, proxy form and attendance slip including route map are not annexed to this notice.
 4. Body corporate members are requested to send scanned copy (in PDF/JPEG format) of its board resolution authorizing its representative for the purposes of voting through remote e-voting and/or participation and voting at the meeting.
 5. As the AGM will be conducted through VC/ OAVM, the institutional investors are encouraged to participate and vote at the meeting.
 6. **Record Date/Book Closure:**
 - September 17, 2020 has been fixed as Record Date for determining names of the members holding shares of the Company in dematerialized form entitled to receive dividend, if declared at the annual general meeting.
 - Register of Members and Share Transfer/ Transmission Books of the Company shall remain closed from Friday, September 18, 2020 to Thursday, September 24, 2020 (both days inclusive) for equity shares held in physical form for determining names of the members entitled to dividend, if declared at the annual general meeting.
 - The dividend, if declared, will be paid on or after September 29, 2020. Payment of dividend shall be subject to deduction of tax at source in accordance with provisions of Income Tax Act, 1961.
- ### GENERAL INFORMATION
7. From April 1, 2019, transfer of shares is allowed only if the shares are held in the dematerialized form. Hence, the members holding shares in physical form may consider dematerialization of their shares.
 8. The members holding shares in electronic form are requested to intimate change in their bank details and address to their depository participant. The members holding shares in physical form are requested to intimate change in their bank details and address to the Company's Registrars and Share Transfer Agent. This will help the members avoid delay in receipt of dividend and communications from the Company.
 9. The dividend for the year 2012-13 will become due for transfer to Investor Education and Protection Fund (IEPF) on September 18, 2020. The members who have not encashed their dividend are requested to approach the Company.
 10. The members are hereby also informed that those shares of the Company in respect of which dividend is unclaimed for consecutive period of seven years shall also become due for transfer to IEPF in terms of provisions of Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended. The Company will post the list of such shares liable for transfer to IEPF on its website www.jbcpl.com. The Company will also mail a letter to the concerned members informing them about such transfer. Such members are requested to claim their dividend on or before the date mentioned in note no. 9.
 11. The shareholders who have not yet claimed their dividend for any past period are requested



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CIN: L24390MH1976PLC019380, Web: www.jbcpl.com, Email: secretarial@jbcpl.com, Tel: (022) 2439 5500/ 5200

NOTICE (Contd.)

to write to the Company or send e-mail to investorelations@jbcpl.com.

- The members, who have not yet exchanged certificate(s) of shares of face value of ₹ 10 against certificates of shares of face value of ₹ 2, consequent to reduction in face value from ₹ 10 to ₹ 2, are requested to approach the Company's Registrars and Share Transfer Agent or write to the Company.

ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF E-MAIL ADDRESS WITH THE COMPANY

- In accordance with General Circular No. 20/2020 dated 5th May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by SEBI, owing to the difficulties involved in dispatch of physical copies of the financial statements (including report of Board of directors, Auditors' Report or other documents required to be attached therewith), such statements including this notice of AGM are being sent through electronic mode to the members whose e-mail address is registered with the Company or the Depository Participant.
- Members holding shares in physical mode and who have not registered their mail address with the Company are requested to register their e-mail address by writing to the Company at secretarial@jbcpl.com along with the copy of signed request letter mentioning the name and address of the member, self-attested copy of PAN card and self-attested copy of any identity proof in support of address of the member. Members holding shares in dematerialised form are requested to register/update their e-mail address with the concerned depository participant.
- This notice of AGM along with annual report for the financial year 2019-20 is available on the website of the Company at www.jbcpl.com, on website of Stock Exchanges i.e. BSE Ltd. and National Stock Exchange of India Limited. This notice is also available on the website of NSDL at www.evoting.nsdl.com.

REMOTE E-VOTING, E-VOTING AT AGM AND STEPS TO BE FOLLOWED THEREFOR

- Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Circulars dated April 08, 2020, April 13, 2020 and

May 05, 2020 issued by the Ministry of Corporate Affairs, the Company provides facility of e-voting to its members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited ("NSDL") for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by the members using remote e-voting system as well as e-voting during the AGM will be provided by NSDL.

- The members holding shares of the Company as on 17th September, 2020 (i.e. cut-off date) shall be entitled to cast vote either through remote e-voting facility or e-voting during the annual general meeting.
 - The members participating in the meeting who have not cast their vote by remote e-voting shall be able to exercise their right to vote during the meeting through e-voting process. The members who have already cast their vote by remote e-voting shall not be eligible to vote during AGM. Such members are not allowed to change their vote subsequently or cast the vote again.
 - Members holding shares in physical form are requested to access the e-voting facility provided by the Company through NSDL e-voting system at <https://www.evoting.nsdl.com/>.
- The process and the manner of voting through remote e-voting facility (i.e. voting from any place) and time schedule thereof including details about login ID, procedure for generating password and casting of vote in a secure manner is as under:

Time schedule for remote e-voting

The voting period begins on Sunday, September 20, 2020 at 9.00 a.m. and will end on Wednesday, September 23, 2020 at 5.00 p.m. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 17, 2020 shall only be eligible to cast their vote electronically. The members please note that the remote e-voting shall not be allowed beyond the aforesaid date and time and e-voting module shall be disabled by NSDL for voting thereafter.

Steps for e-voting:

Step 1: Log-in to NSDL e-Voting system.

How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/>.



J. B. CHEMICALS & PHARMACEUTICALS LIMITED

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- (b) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- (c) A new screen will open. You will have to enter your User ID, your Password and a verification code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- (d) Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
i) For members who hold shares in demat account with NSDL.	8 character DP ID followed by 8 digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
ii) For members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
iii) For members holding shares in physical form.	EVEN number followed by folio number registered with the Company For example if folio number is 001*** and EVEN is 101456, then user ID is 101456001***.

- (e) Your password details are given below:

- (i) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- (ii) If you are using NSDL e-Voting system for the

first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

- (iii) How to retrieve your 'initial password'?

- (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- (ii) If your email ID is not registered, please follow steps mentioned in note no.(n) below.
- (f) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.
- b) Click on "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- (g) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- (h) Now, you will have to click on "Login" button.
- (i) After you click on the "Login" button, home page of e-Voting will open.



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Step 2: Cast your vote electronically on NSDL e-Voting system

How to cast your vote electronically on NSDL e-Voting system?

- (a) After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- (b) After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- (c) Select "EVEN" of the Company for which you wish to cast your vote.
- (d) Now you are ready for e-voting as the Voting page opens.
- (e) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- (f) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (g) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- (h) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Procedure for e-voting during AGM

- (i) The procedure for e-voting during the AGM is the same as the steps mentioned above for remote e-Voting.
- (j) Only those members present through VC/OAVM facility who have not exercised their vote through remote e-Voting and are otherwise not barred from voting shall be eligible to vote during the AGM. The members who have cast their vote through remote e-Voting shall only be entitled to attend the meeting.
- (k) The members may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Ms. Pallavi Mhatre at evoting@nsdl.co.in.

GENERAL INSTRUCTIONS

- (l) Institutional shareholders are required to send scanned copy (in PDF/JPG Format) of the relevant board resolution/ authority letter with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer by e-mail to amisi999@gmail.com with a copy marked to evoting@nsdl.co.in.
- (m) Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.
- (n) **Have you not registered your e-mail address with the depository or the Company?**

The members who have not registered their e-mail address with the depository or the Company need to follow the following process for procuring user id and password for e-voting for the resolutions set out in this notice.

- (i) In case shares are held in physical mode, please provide folio no., name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy), AADHAR (self-attested scanned copy) by e-mail to secretarial@jbcpl.com.

In case shares are held in demat mode, please provide DP ID-Client ID, name, client master or copy of consolidated account statement, PAN (self-attested scanned copy), AADHAR (self-attested scanned copy) by e-mail to secretarial@jbcpl.com.

- (ii) Alternatively, member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in (i) above.

PROCEDURE FOR JOINING THE AGM THROUGH VC/OAVM

19. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under Members login by using the remote e-Voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company is displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User



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- ID and Password may retrieve the same by following the remote e-voting instructions mentioned above to avoid last minute rush. Further, the members can also use the OTP based login for logging into the e-voting system of NSDL.
20. For convenience of the members and proper conduct of the AGM, members can login and join the AGM 30 (thirty) minutes before the time scheduled for AGM and shall be kept open throughout the proceedings of the AGM.
21. Attendance of the members through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
22. Please note that participants connecting from Mobile devices or Tablets or through Laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is, therefore, recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
23. Members who need technical assistance before or during AGM with regard to use of technology for VC/ OAVM can:
- Send a request at evoting@nsdl.co.in or use Toll free no.: 1800-222-990; or
 - Contact Mr. Amit Vishal, Senior Manager, NSDL at the designated email ID: evoting@nsdl.co.in or AmitV@nsdl.co.in or at telephone number 022-24994360; or
 - Contact Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: evoting@nsdl.co.in or pallavid@nsdl.co.in or at telephone number 022-24994545.
26. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. However, the Company reserves the right to restrict the number of questions and/or the number speakers during the meeting as deemed fit for smooth conduct of the meeting. Such speakers can send their questions later to secretarial@jbcpl.com for suitable reply by the Company.

INSPECTION OF DOCUMENTS

27. The Board of directors has appointed Mr. Ashish Bhatt, proprietor of Ashish Bhatt & Associates, Practising Company Secretary, to scrutinize the remote e-voting / e-voting during AGM in a fair and transparent manner. The result of voting on the businesses transacted at the annual general meeting will be declared not later than September 26, 2020 by placing the same along with scrutinizer's report on the website of the Company www.jbcpl.com.
28. All the documents referred to in the accompanying explanatory statement being documents available for inspection, shall be made available through electronic mode for inspection by any member on the basis of request received at secretarial@jbcpl.com.
29. During the AGM, the Register of Contracts, Register of Directors, Key Managerial Personnel and their shareholding and auditors' certificate on implementation of ESOP shall be available for inspection upon login to NSDL e-voting system at www.evoting.nsdl.com.

PROFILE OF DIRECTORS

30. Pursuant to Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief profile of the existing directors proposed for re-appointment is as under:

Mr. Pranabh D. Mody:

Mr. Pranabh Mody, 56, is a promoter group member. He obtained his Bachelor Degree in Pharmacy from Pioneer Institute of Pharmacy in Mumbai, i.e. Bombay College of Pharmacy in the year 1984. He also obtained his Masters in Business Administration from Oakland University, USA in the year 1986. He also completed Executive Education Program from Harvard University in USA in the year 1995. He joined J. B. Chemicals & Pharmaceuticals Ltd. in 1986 and has been on the Board of the Company since 1-9-1997.

PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATION WITH RESPECT TO ANNUAL REPORT FOR 2019-20

24. For ease of participation by the members and keeping in view smooth conduct of the proceedings at the AGM, the members are requested to send their questions in advance mentioning their name, demat account number/folio number, e-mail id, mobile number to secretarial@jbcpl.com. The questions received till Sunday, September 20, 2020 will be considered and replied suitably.
25. The members who would like to speak at the AGM are requested to register themselves as speaker latest till Sunday, September 20, 2020 by sending their request mentioning their name, demat account number/folio number, e-mail id, mobile number to secretarial@jbcpl.com.



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Mr. Pranabh Mody has to his credit around 33 years of experience of which, 25 years have been in the pharmaceutical industry with J. B. Chemicals & Pharmaceuticals Limited. His areas of functional expertise include corporate strategy, corporate finance, new product development, marketing, supply chain management, national regulatory compliance and administration.

Mr. Pranabh Mody as President and Whole time director (Operations) has significantly contributed to the overall management and development of the Company's domestic formulations businesses, evolution and implementation of corporate strategies, IT system and processes & controls.

Mr. Pranabh Mody is also a member on the board of Sasken Technologies Ltd., a listed entity. Besides this, he holds directorship of Unique Pharmaceutical Laboratories Ltd., Ifiunik Pharmaceuticals Ltd., Biotech Laboratories (Pty.) Ltd., South Africa and Unique Pharmaceutical Laboratories FZE, Dubai. He is also a member of audit committee, nomination and remuneration committee and strategy, business & marketing review committee of Sasken Technologies Ltd.

Mr. Pranabh Mody is nephew of Shri Jyotindra B. Mody and Shri Shirish B. Mody. He holds 73,46,459 equity shares (9.51%) in the Company. He attended all five meetings of the Board held during financial year 2019-20.

Mr. Shaukat H. Merchant:

The information in respect of this independent director proposed for re-appointment is provided under item no.5 of the explanatory statement set out below.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

All material facts concerning items of special business at nos. 5 and 6 are set out in the following statement accompanying the notice.

Item No. 5:

The members, at the annual general meeting held on August 23, 2016, appointed Mr. Shaukat H. Merchant as an independent director of the Company for a term of five (5) consecutive years from February 03, 2016. This is the first term of Mr. Shaukat H. Merchant as an independent director, which will end on February 02, 2021. As per Section 149 of the Companies Act, 2013 ("Act"), an independent director shall hold office for a term up to five consecutive years and can hold office for not more than two consecutive terms.

Independent director is thus eligible for re-appointment for a second term but on passing of a special resolution by the Company.

In performance evaluation exercise undertaken by the Board, independent directors are rated annually on various parameters where Mr. Shaukat H. Merchant was rated between 4-5 (5 being highest) during last five years. Thus, your Board believes that performance of Mr. Shaukat H. Merchant as independent director has been exceedingly well. He possesses functional expertise and appropriate skills, experience and knowledge, *inter alia*, in the field of law particularly the Drug laws. Based on performance evaluation report of Mr. Shaukat H. Merchant as summarized aforesaid and also in view of his skills, expertise and experience, the Board of directors proposes and recommends re-appointment of Mr. Shaukat H. Merchant as an independent director for a second term of five (5) consecutive years from February 03, 2021 as the Board believes that continued association of Mr. Shaukat H. Merchant would be immensely beneficial to the Company. Keeping in view his qualifications, skills, experience and functional expertise, your Board is of the opinion that his re-appointment would continue to help maintain appropriate balance of skills, experience and knowledge and necessary diversity in the Board and thus help Board discharge its functions and duties effectively.

The Company has also received a notice in writing under Section 160 of the Act from a member of the Company proposing candidature of Mr. Shaukat H. Merchant to the office of independent director for a second term of five years as aforesaid.

Mr. Shaukat H. Merchant has given his consent to act as director of the Company. He has furnished (i) a declaration that he meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations"), and (ii) a confirmation that he is not aware of any circumstances or situation, which exists or may reasonably be anticipated that could impair or impact his ability to discharge his duties with an objective independent judgement and without any external influence. Based on assessment of veracity of the same, the Board of directors confirms that, in their opinion, Mr. Shaukat H. Merchant fulfils the conditions of independence and is independent of the management. Mr. Shaukat H. Merchant has also confirmed that his name is included in the databank of independent directors maintained by the Indian Institute of Corporate Affairs in accordance with the Companies Act, 2013 and Rules made thereunder.



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Your Board of directors is of the opinion that Mr. Shaukat H. Merchant, proposed to be appointed as independent director for a second term, fulfills the conditions specified in the Companies Act, 2013, the rules made there under and the Listing Regulations for the appointment of an independent director, and that he is independent of the management.

Mr. Shaukat H. Merchant, 69, is senior Solicitor and Advocate and is Senior Solicitor & Senior Partner of the Law Firm M/s. M&M Legal Ventures, Advocates & Solicitors, Mumbai and has significant and rich experience of over four decades in the area of law. Keeping in view his qualifications, skills, experience and functional expertise, your Board is of the opinion that his continued association would be immensely beneficial to the Company.

Mr. Shaukat H. Merchant is not related to any of the directors or key managerial personnel of the Company. He does not hold any shares in the Company. There is no proposal to pay any remuneration to him other than sitting fee for attending meetings of the Board and Committee(s) thereof. He attended all five (5) meetings of the Board held during the financial year 2019-20.

He also holds directorship of Rubfila International Ltd., a listed entity. Besides this, he holds directorship of Finquest Arc Pvt. Ltd. and Leggiuno S.P.A, Italy.

Your Board thus believes that re-appointment/continuance of directorship of Mr. Shaukat H. Merchant is in the interest of the Company and will help the Board. Accordingly, your directors recommend his re-appointment and commend the resolution set out under item no. 5 for approval of the members. Everything stated above be treated as justification of the Board for re-appointment of Mr. Shaukat H. Merchant as independent director of the Company for a second term.

Pursuant to the provisions of Section 149 of the Act, Mr. Shaukat H. Merchant would hold office, if re-appointed, for a second term of five (5) consecutive years from February 03, 2021, and the provisions of the Act in respect of retirement of directors by rotation shall not apply to his appointment.

The Articles of Association of the Company, notice received from a member and draft terms and conditions of re-appointment of Mr. Shaukat H. Merchant as independent

director ("the said documents") are open for inspection at the registered office of the Company by any member during 10.00 a.m. to 5.00 p.m. on all working days (i.e. except Saturday, Sunday and public holidays) up to the date of the annual general meeting. A copy of the said documents will also be available for inspection at the corporate office of the Company on the days and during the time aforesaid as well as during the meeting.

Mr. Shaukat H. Merchant and his relatives may be considered as concerned or interested in this item of business and/or resolution under item no.5. None of the other directors and key managerial personnel of the Company and their relatives are concerned or interested in this item of business or resolution under item no.5.

Item No. 6:

The Company is required to submit to the Central Government cost audit report audited by the Cost Accountant. Accordingly, the Board of directors has appointed Kishore Bhatia & Associates, Cost Accountants, to conduct audit of cost records of the Company for the financial year 2020-21 and also approved their remuneration as mentioned in the resolution under item no. 6 of the notice, based on recommendation of the Audit Committee. The Companies (Audit and Auditors) Rules, 2014 provides that the remuneration of cost auditor approved by the Board of directors shall be ratified subsequently by the shareholders. In view of this, ratification of above referred remuneration payable to the cost auditor is sought from the members. Accordingly, Board of directors recommends this to the members for approval and commend the resolution set out under item no. 6 for approval of the members.

None of the directors and key managerial personnel of the Company and their relatives are concerned or interested in this item of business or resolution set out under item no. 6.

By Order of the Board of Directors

M.C. Mehta

Company Secretary & Vice President-Compliance

Date : June 25, 2020

Place : Mumbai