



**UNICHEM**  
**LABORATORIES LTD.**

August 4, 2020

Department of Corporate Services  
Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy owers,  
Dalal Street,  
Mumbai- 400 001

Mr. Hari K  
Asst. Vice President – Operations  
National Stock Exchange of India Ltd  
Exchange Plaza, Bandra – Kurla Complex  
Bandra (East), Mumbai – 400 051

BSE Scrip Code -506690

NSE Symbol – UNICHEMLAB

Dear Sir,

**Sub: 57<sup>th</sup> AGM Report and Notice, E-Voting and Book closure**

With reference to the 57<sup>th</sup> Annual General Meeting of the Company:

1. The 57<sup>th</sup> Annual General Meeting (AGM) of the Members of Unichem Laboratories Limited will be held on **Saturday, August 29, 2020 at 11:30 a.m.** through video conference ('VC')/ Other Audio Visual Means ('OVAM'). Please find enclosed herewith a copy of the Annual Report 2019-2020 along with the AGM notice.
2. In compliance with the Circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 ("MCA Circulars") issued by the Ministry of Corporate Affairs (MCA), the requirement of sending physical copies of the Annual Report is dispensed with, accordingly the Annual Report for the year ended March 31, 2020, alongwith the Notice of the AGM is sent on August 4, 2020 only through electronic mode to the Members whose e-mail ids are registered with Company/Depository Participant(s) (DPs)/Registrar & Share Transfer Agents (RTA) in compliance with the MCA Circulars and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. The remote e-voting period shall commence on Tuesday, August 25, 2020 at 10:00 a.m. (IST) and shall end on Friday, August 28, 2020 at 5:00 p.m. (IST). During this period Members of the Company, holding shares either in physical or in dematerialized form, as on the cut-off date i.e. Saturday, August 22, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
4. The Register of Members and the Share Transfer books of the Company will remain closed from Monday, August 24, 2020 to Saturday, August 29, 2020 (both days inclusive) for the 57th AGM and payment of Dividend, if declared, at the forthcoming AGM shall be paid to the shareholders on Friday, September 4, 2020.

Thanking you,

Yours faithfully,

**For UNICHEM LABORATORIES LIMITED**

PRADEEP BHANDARI  
*Head- Legal & Company Secretary*



**ANNUAL REPORT  
2019-2020**



**UNICHEM**  
**LABORATORIES LTD.**

# Corporate Information

## Board Committees

<b>Audit Committee</b>	Mr. Prafull Anubhai - Chairman Mr. Prafull Sheth Mr. Dilip Kunkolienkar Mr. Anand Mahajan Dr. (Mrs.) B. Kinnera Murthy	<b>Stakeholders Relationship Committee</b>	Mr. Prafull Anubhai - Chairman Dr. Prakash A. Mody Dr. (Mrs.) B. Kinnera Murthy
<b>Nomination and Remuneration Committee</b>	Mr. Prafull Anubhai - Chairman Mr. Prafull Sheth Mr. Anand Mahajan	<b>Corporate Social Responsibility Committee</b>	Dr. Prakash A. Mody - Chairman Mr. Prafull Anubhai Dr. (Mrs.) B. Kinnera Murthy
<b>Company Secretary &amp; Compliance Officer</b>	Mr. Pradeep Bhandari Head - Legal & Company Secretary	<b>Deputy Chief Financial Officer</b>	Mr. Sandip Ghume

## Registered Office

Unichem Laboratories Limited  
CIN:L99999MH1962PLC012451  
Unichem Bhavan, Prabhat Estate, Off S. V. Road  
Jogeshwari (West), Mumbai - 400 102  
Tel.: (022) 6688 8333 • Fax.: (022) 2678 4391  
Website: [www.unichemlabs.com](http://www.unichemlabs.com)  
E-mail Id.: [shares@unichemlabs.com](mailto:shares@unichemlabs.com)

## Statutory Auditors

N. A. Shah Associates LLP  
Chartered Accountants  
B 41-45, Paragon Centre  
Pandurang Budhkar Marg  
Worli, Mumbai - 400 013

## Registrar and Share Transfer Agents

Link Intime India Private Limited  
C 101, 247 Park, L B S Marg  
Vikhroli (West), Mumbai - 400 083  
Tel.: (022) 4918 6000 • Fax.: (022) 4918 6060  
E-mail Id.: [rant.helpdesk@linkintime.co.in](mailto:rant.helpdesk@linkintime.co.in)

## Cost Auditors

Kishore Bhatia & Associates  
701/702, D-Wing, 7th Floor  
Neelkanth Business Park  
Nathani Road, Vidyavihar (West)  
Mumbai - 400 086

## Plant Locations

### FORMULATION PLANTS

#### GHAZIABAD

C 31, 32 & D10, Industrial Area  
Meerut Road, Ghaziabad - 201 003  
Uttar Pradesh

#### GOA

Plot No. 10, 11, 12 to 14, 15 to 18 & 17(A)  
Pilerne Industrial Estate  
Pilerne, Bardez - 403 511, Goa

#### BADDI

Bhatauli Kalan  
District Solan, Baddi - 173 205  
Himachal Pradesh

### API PLANTS

#### ROHA

99, MIDC Area, Roha  
District Raigad - 402 116  
Maharashtra

#### PITHAMPUR

Plot No. 197, Sector - I  
Pithampur, District Dhar - 454 775  
Madhya Pradesh

#### KOLHAPUR

Plot No. T - 47, Five Star MIDC  
Kagal - Hatkanangale, District Kolhapur - 416 236  
Maharashtra

# Board of Directors



(L) to (R)

**Mr. Dilip Kunkolienkar**  
Director Technical

**Mr. Prafull Sheth**  
Independent Director

**Mr. Anand Mahajan**  
Independent Director

**Mr. Prafull Anubhai**  
Independent Director

**Dr. Prakash A. Mody**  
Chairman & Managing Director

**(Dr.) (Mrs.) B. Kinnera Murthy**  
Independent Director

# Message from the Chairman



Dear Shareholders,

It is my pleasure to present before you the 57th Annual Report of your Company.

I hope that you and your family are safe and healthy. COVID-19 pandemic has triggered all corporates to reflect on their operational strategies and work practices. Putting the safety of our employees on utmost priority, policy changes related to work from home wherever possible and digital support were rolled out immediately to help employees shift to this new work paradigm. Unichem's robust digital capabilities enabled to smoothly switch over to this new normal. Pharma being an essential service, manufacturing locations resumed work without much disruptions, while being fully compliant with COVID-19 guidelines.


Pharma is one among the few industries that may not witness many disruptions on the demand side arising from the pandemic, however supply chain challenges are there to stay which need immediate redressal. India is being looked upon as an alternate global supplier to de-risk the supply chain which is currently more dependent on a particular region. As the industry moves towards a paradigm where disruption is the new normal, it is the differentiated thinking around drug delivery systems, molecules and compliance benchmarks that will drive growth, making it essential that innovation is fostered at every level across the value chain.

The enormity of these economic challenges, however, present a unique opportunity for Research and Development (R&D). Your Company's strategy of investing in R&D that focuses on Active Pharmaceuticals Ingredients (APIs), Process Research, Analytics, Formulation Development, and Clinical Research has seen ramping up of regulatory filings in Abbreviated New Drug Applications (ANDAs), Drug Master Files (DMFs) and Dossiers in the regulated markets. The commitment of future investment and dedication to research will ensure that Unichem will continue to offer a broad portfolio across various therapeutic areas.

During the year under review, your Company received 5 ANDA approvals from the USFDA and filed 6 ANDAs (including First-to-File and one Para 4), 3 USDMFs and 1 CEP (Certification of Suitability of European Pharmacopoeia). We expect an increase in the number of approvals in times to come.

The intrinsic philosophy of striving towards excellence saw your Company's facilities successfully clearing multiple inspections by





regulatory bodies from across the globe. These included successful completion of USFDA inspections of the Formulation and API facilities at Goa, Ghaziabad, Roha, Kolhapur and Pithampur. I am confident that our drive for quality, reliability and excellence will ensure that we continue to not just meet but surpass the stringent cGMP (Current Good Manufacturing Practice) standards required for doing business in the regulated markets.

We remain focused on improving quality across all aspects of our operations, with initiatives for continuous improvement, reducing manual interventions through automated systems to constantly upgrade the culture of quality. The year also saw continued implementation of your Company's capital expenditure program across all manufacturing units, funded through internal accruals with significant emphasis on modernization and expansion of capacities. With 'Health for All' going to be the mantra post the pandemic, your Company's investment in capital expenditure is well geared to participate in this opportunity.

Amidst continued challenges on several fronts, including pricing pressures mainly in the US which is your Company's key generic market, 2019-2020 was another year of focused execution and operational responsiveness. Sales including operating income (Gross) on a consolidated basis stood at ₹ 1,21,062.12 Lakhs as compared to ₹ 1,18,004.68 Lakhs in the previous year. Standalone Sales / Income from Operations (Gross) was ₹ 90,488.53 Lakhs as compared to ₹ 96,773.89 Lakhs in the previous year.

As a continuous effort towards rewarding shareholders, it gives me immense pleasure to inform you that the Board of Directors of the Company has recommended a dividend of ₹ 4/- per share (200%). The dividend shall be paid if approved by Members at the ensuing 57th Annual General Meeting.

As a responsible corporate citizen, your Company is committed to ensuring its contribution to the welfare of the communities where it operates, with a key focus on addressing the societal and environmental concerns, while co-creating value with local institutions and people. Your Company continued to focus on social initiatives in sectors such as education, health and sanitation, infrastructure, protection of the environment and women empowerment in the local areas where it operates.

I place on record my sincere appreciation to our business associates, customers, banks, suppliers, shareholders and our employees for their continued support and trust reposed in us. I also take this opportunity to extend my gratitude to our esteemed Board members for their invaluable guidance and support in steering your Company in this journey towards being a global pharma player.

At Unichem, we remain committed to create and deliver value in a sustainable way, for a better tomorrow.

**Dr. Prakash A. Mody**  
Chairman & Managing Director  
June 19, 2020

# Corporate Social Responsibility (CSR)

## Unichem - Touching Lives

Distribution of cycles to schoolgirls,  
Raigad District, Maharashtra



Support to visually challenged girls,  
Dr. Kamla Mehta Blind School, Mumbai, Maharashtra



Renovation and repairs of the village school, Harihareshwar-Raigad District, Maharashtra

**BEFORE**



**AFTER**



**BEFORE**



**AFTER**



Building and maintenance of sanitation units, Ghaziabad, Uttar Pradesh





# Corporate Social Responsibility (CSR)

## Unichem - Touching Lives

Renovation of government hospital,  
Pithampur, Madhya Pradesh



Aid for health check-up and annual day function, Adiwasi Unnati Mandal, Raigad District, Maharashtra



Women empowerment - Self-Help Groups, Goa





# Unichem's contribution to the fight against COVID-19

Grocery kits donated to Panchayat in Roha



Essential utility items presented to COVID-19 warriors in Goa



Essential ration items donated to the villagers in Baddi



Masks and sanitizers provided to essential service workers in Kolhapur



Essential medicines donated to COVID-19 hospitals in Mumbai



Appreciation scroll and gift presented to employees in Pithampur for the exemplary commitment to work



# Corporate Social Responsibility (CSR)

## UNICHEM - TOUCHING LIVES

Unichem continues its voyage of giving back to the society through various interventions which resulted in touching numerous lives across India. Unichem's employees showed the same zeal and enthusiasm, as shown in the past, to implement the vision of their founder and management, of being involved in the upliftment of the society.

Your Company's CSR activities are focused in the below mentioned sectors:

- Education
- Health and Sanitation
- Environment Protection
- Women Empowerment

The activities covered under these sectors are as follows

### **Renovation of Bestora Panchayat Government Balwadi School, Goa**

The balwadi caters to the educational needs of children from economically backward sections of the society. During non-teaching hours, this balwadi is also utilized by senior citizens for recreational activities. It is also utilized to impart skills and training to women who are part of self-help groups registered under Goa government's social welfare scheme. This balwadi was in a depleted condition. With your Company's support, the building was repaired and infrastructure was upgraded. This contribution benefitted around 4,000 people from the community.

### **Goa Development and Welfare Public Charitable Trust, Goa**

Your Company contributed towards construction of school building for the destitute children of the local community.

### **Vocational aid - music system to differently abled students, Goa**

Sanjay Centre for special education is dedicated to educating specially abled children. Music therapy has proven to play a key role in developing sensory abilities of these children. Your Company provided music and public address system for the students in the school. This music system will help students during their music therapy sessions and also train them on the instruments.

### **Amrut Mody School of Mass Communication and Journalism, Nadiad, Gujarat**

Your Company's contribution to this institution was used to provide better educational opportunities to the students.

### **Indian Pharmaceutical Association (IPA) – Scholarships, Pan-India**

Your Company, in collaboration with IPA, provides the Amrut Mody Scholarships to around 40 aspiring pharma students who are not able to afford the fees. The course is spread over four years and your Company funds the fees.

### **Rotary Club - Project Muktangam, Mumbai, Maharashtra**

Your Company has contributed to Rotary Club which is associated with Muktangam. This contribution is used by Muktangam to run and manage BMC schools in Mumbai. They manage 7 schools which offer education to approximately 3,700 children from deprived communities. Muktangam also provides teacher training to local women from the same community to teach these children. This is in consonance with their overall approach of 'Education for the Community, by the Community'. The education and training are all offered free of cost.

### **Distribution of cycles to schoolgirls, Raigad District, Maharashtra**

Your Company distributed 500 cycles to schoolgirls in Mahad, Mangaon, Tala and Mhasla regions. The girls had to walk many kilometres to reach the schools due to which there were many dropouts in the past. Your Company's contribution will help curb the dropout of girls that happen due to lack of transport facilities.

### **Renovation of computer and science laboratories and repairs of the village school, Harihareshwar-Raigad District, Maharashtra**

This school's infrastructure was in a deteriorating condition. Your Company renovated the school building, the computer and science laboratories to provide conducive environment to students during learning.

### **Renovation of government hospital, Pithampur, Madhya Pradesh**

Under this initiative your Company is renovating the government hospital in Pithampur and upgrading the facilities within the hospital. This is aimed at providing better quality health services and infrastructure to the patients. The project started last year and was continued this year. The renovation of labour room, operation theater, pathology laboratory, 2 OPDs, X-Ray room and postmortem room with proper air conditioning, electricity and lighting was completed last year. The initiatives undertaken and completed this year included renovation of drinking water facility to provide clean drinking water, provision of equipment for pathology laboratory, operation theatre and labour room, completion of flooring of the main lobby and renovation of residential quarters for doctors.



## **Construction of pond, Ghaziabad, Uttar Pradesh**

Your Company has taken up a project of constructing a pond in Ghaziabad. This will help in solving water problem and drinking water needs of locals residing in the nearby areas. Around 200 families will benefit by this initiative.

## **Building and maintenance of sanitation units, Ghaziabad (Uttar Pradesh), Baddi (Himachal Pradesh) and Kolhapur (Maharashtra)**

Your Company constructed modular toilets in Ghaziabad, which will help the community residing in the nearby areas. In the past years, your Company had built sanitation units in Kolhapur and Baddi. It continues to support the repair and maintenance of these toilets on regular basis to maintain hygienic conditions. These sanitation units are utilized by school children and local community.

## **Dr. Kamla Mehta Blind School, Mumbai, Maharashtra**

This school provides free education and residence to visually challenged girls. The school encourages and provides them skills to become financially independent and survive in the society. Your Company contributed for a medical camp for girls and staff of this school. Free medical check-up and information related to health management was provided to them.

## **Adiwasi Unnati Mandal, Raigad District, Maharashtra**

Your Company has been involved in this project right from its inception and has relentlessly contributed in providing educational and medical aids to the locals in Shahpur area in Maharashtra. The initiatives include health check-ups, distribution of first aid boxes, eye operations, distribution of vision enhancement aids, treatment of diseases like leprosy etc.

## **Children of the World (India), Mumbai, Maharashtra**

Your Company is associated with Children of the World (India), a non-profit and secular charitable trust, from last year. They provide shelter to around 80 children who are lost and abandoned. Some of the children have special needs. The trust aims at settling these children with loving and nurturing families. Your Company contributed to this trust to support the needs of these children.

## **SOS Villages of India, Raigad, Maharashtra**

SOS village offers orphaned and abandoned children a family and a loving home. Their need for food, health and shelter are also met. Your Company's contribution was utilized towards taking care of these children and to provide them the support required for health and education.

## **Cleanliness drive and environment awareness campaign, Goa**

On environment day, your Company planted fruit bearing trees in open spaces in Pilerne/Saligao, Goa.

## **Women empowerment - Self-Help Groups, Goa**

Your Company contributed to Vibrant Goa foundation for the upliftment and empowerment of women from economically backward sections of the society. Vibrant Goa foundation identified women Self-Help Groups (SHG), who worked for these women. The women from these groups were trained on skill upgradation, marketing, finance, usage of website 'Mahila E-Haat', through workshops. SHGs were exposed to national and international roadshows of Vibrant Goa Global Expo and Summit 2019, so that they get connected with the markets outside Goa. With such support the SHGs can become self-sustaining in the long run. This will also encourage other women, from the villages and same strata of society, to emulate their success stories.



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# Five-years at a glance (Standalone)

## Balance Sheet

(₹ in Lakhs)

As at 31st March	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>I. ASSETS</b>					
<b>Non-current assets</b>					
(a) Property, plant and equipment	38,119.98	46,417.02	55,111.92	78,515.58	79,615.13
(b) Right of use assets	-	-	-	-	2,878.65
(c) Capital work-in-progress	23,265.12	24,725.96	23,553.08	9,025.44	33,083.54
(d) Investment property	-	378.53	372.22	365.90	359.59
(e) Financial assets	12,266.39	9,404.24	9,272.35	25,150.28	25,928.58
(f) Other non-current assets	790.98	643.41	1,246.34	4,655.20	10,176.48
<b>Current assets</b>	<b>59,710.66</b>	<b>68,724.88</b>	<b>2,20,735.79</b>	<b>1,85,222.78</b>	<b>1,50,471.48</b>
<b>Non Current Assets held for sale</b>	-	-	-	<b>87.19</b>	-
<b>TOTAL ASSETS</b>	<b>1,34,153.13</b>	<b>1,50,294.04</b>	<b>3,10,291.70</b>	<b>3,03,022.37</b>	<b>3,02,513.45</b>
<b>II. EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
(a) Equity share capital	1,816.87	1,817.53	1,406.74	1,407.67	1,408.12
(b) Other equity	1,00,898.40	1,11,255.27	2,74,759.86	2,71,785.74	2,63,310.26
<b>Liabilities</b>					
Non-current liabilities	6,365.68	7,040.48	4,537.59	2,678.68	2,968.42
Current liabilities	25,072.18	30,180.76	29,587.51	27,150.28	34,826.65
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,34,153.13</b>	<b>1,50,294.04</b>	<b>3,10,291.70</b>	<b>3,03,022.37</b>	<b>3,02,513.45</b>

# Five-years at a glance (Standalone)

## Statement of Profit and Loss

(₹ in Lakhs)

For the year ended 31st March	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>CONTINUING OPERATIONS</b>					
Revenue From Operations	1,23,614.52	57,702.28	66,973.05	96,773.89	90,488.53
Other Income	2,270.87	719.25	6,288.60	10,154.23	9,917.01
<b>Total Income</b>	<b>1,25,885.39</b>	<b>58,421.53</b>	<b>73,261.65</b>	<b>1,06,928.12</b>	<b>1,00,405.54</b>
Cost of materials consumed (including provisions)	32,319.94	25,623.05	34,598.21	44,317.29	40,020.76
Purchases of Stock-in-Trade	13,752.71	-	-	20.86	104.37
Changes in inventories of finished goods and work-in-progress	(871.23)	(667.85)	470.21	(3,053.94)	(1,849.58)
Employee benefits expense	20,959.92	11,768.07	14,653.63	17,676.03	20,515.66
Excise Duty	1,562.85	95.26	39.34	-	-
Other expenses	41,662.48	26,685.57	30,834.49	43,029.52	40,758.37
<b>Total expenses</b>	<b>1,09,386.67</b>	<b>63,504.10</b>	<b>80,595.88</b>	<b>1,01,989.76</b>	<b>99,549.58</b>
<b>PBDIT</b>	<b>16,498.72</b>	<b>(5,082.57)</b>	<b>(7,334.23)</b>	<b>4,938.36</b>	<b>855.96</b>
Finance Cost	229.16	199.76	316.69	61.71	128.18
Impairment loss on financial assets	-	-	-	863.42	-
<b>PBDT</b>	<b>16,269.56</b>	<b>(5,282.33)</b>	<b>(7,650.92)</b>	<b>4,013.23</b>	<b>727.78</b>
Depreciation & Amortisation	3,499.12	3,941.13	4,504.12	6,171.25	7,108.96
<b>Profit before tax</b>	<b>12,770.44</b>	<b>(9,223.46)</b>	<b>(12,155.04)</b>	<b>(2,158.02)</b>	<b>(6,381.18)</b>
Exceptional & prior period items	353.00	-	-	-	-
Current tax	3,175.00	(1,408.08)	-	-	-
Deferred tax	(801.00)	(262.25)	1,257.90	(2,737.77)	(749.56)
Short / (Excess) provision for tax (earlier years)	(5.03)	-	(1,271.99)	(124.45)	-
<b>Profit (Loss) for the period from continuing operations</b>	<b>10,048.47</b>	<b>(7,553.13)</b>	<b>(12,140.95)</b>	<b>704.20</b>	<b>(5,631.62)</b>
<b>DISCONTINUED OPERATIONS</b>					
<b>Profit/(loss) from discontinued operations</b>					
A. Profit / (loss) from discontinued operations	-	22,383.15	15,358.12	246.96	-
B. Gain on sale of identified business (net)	-	-	3,21,731.05	-	-
Profit/(loss) for the year from discontinued operations (A+B)	-	22,383.15	3,37,089.17	246.96	-
Tax on discontinued operations	-	4,443.30	69,288.37	71.24	-
<b>Profit/(loss) from discontinued operations (after tax)</b>	<b>-</b>	<b>17,939.85</b>	<b>2,67,800.80</b>	<b>175.72</b>	<b>-</b>
<b>Profit/(loss) for the year</b>	<b>-</b>	<b>10,386.72</b>	<b>2,55,659.85</b>	<b>879.92</b>	<b>(5,631.62)</b>
Other Comprehensive Income	11.57	(280.53)	(180.08)	(28.49)	299.50
<b>Total Comprehensive Income</b>	<b>10,060.04</b>	<b>10,106.19</b>	<b>2,55,479.77</b>	<b>851.43</b>	<b>(5,332.12)</b>

## Key Ratios and EPS

Ast at 31st March	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Debt :Equity Ratio	0.027:1	0.001:1	0.0001:1	-	0.006:1
<b>Per share Data</b>					
Earnings per equity share (for continuing operations):	11.08	(8.31)	(13.39)	1.00	(8.00)
Earnings per equity share (for discontinued operations):	-	19.74	295.27	0.25	-
Earnings per equity share (for discontinued & continuing operations):	11.08	11.43	281.88	1.25	(8.00)
Dividend (%)	100%	150%	250%	200%	200%
Dividend (in ₹) per Share	2.00	3.00	5.00	4.00	4.00
Book Value per Share (₹)	113.07	124.42	392.63	388.15	375.99



# Notice

NOTICE is hereby given that the 57<sup>th</sup> Annual General Meeting of the Members of **UNICHEM LABORATORIES LIMITED**, will be held on Saturday, August 29, 2020 at 11:30 a.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and auditors thereon.
2. To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 and the reports of the auditors thereon.
3. To declare a Dividend on equity shares for the financial year ended March 31, 2020.
4. To appoint a Director in place of Mr. Dilip Kunkolienkar (DIN.: 02666678) who retires by rotation and being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification (s), the following Resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification (s) or re-enactment (s) thereof, for the time being in force) a remuneration not exceeding ₹ 7.50 Lakhs (Rupees Seven Lakhs Fifty Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses as approved by the Board of Directors of the Company payable to Kishore Bhatia & Associates, Cost Accountants, (Firm Registration No. 00294); for conducting Cost Audit of the records maintained by the Company for the financial year ending March 31, 2021, be and is hereby ratified;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized severally to do all such acts, deeds and things as may be necessary to give effect to the above."

6. To consider and if thought fit, to pass, with or without modification (s), the following Resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to Regulation 17 (6) (e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (Amended Listing Regulations), consent of the Members be and is hereby accorded for payment of remuneration to Dr. Prakash A. Mody, Chairman & Managing Director of the Company, in excess of ₹ 5 crores or 2.5% of the net profits of the Company (whichever is higher), but within such limits as already approved by the Members vide Special Resolutions passed at the Annual General Meeting (AGM) and the Postal Ballot Meeting of the Company held on July 28, 2018 and December 13, 2018 respectively upto the tenure of Dr. Mody's appointment which shall end on June 30, 2021;

**RESOLVED FURTHER THAT** the Board of Directors of the Company and the Company Secretary be and are hereby severally authorised to do all such acts, deeds and things, necessary and expedient to give effect to this Resolution."

By order of the Board of Directors,  
For **Unichem Laboratories Limited**

**Pradeep Bhandari**

Mumbai  
June 19, 2020

Head – Legal & Company Secretary  
Membership No.: A14177

## Registered Office:

Unichem Bhavan, Prabhat Estate, Off S. V. Road  
Jogeshwari (West), Mumbai – 400 102

## NOTES:

1. In view of COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC/OAVM.
2. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-2020 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories.
3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and MCA Circulars, the Company is providing facility of remote 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 Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-voting agency. The facility of casting votes by a Member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
4. Members can join the AGM in the VC/OAVM mode fifteen minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1,000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or

- more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc., who are allowed to attend the AGM without restriction on account of first come first served basis.
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the proxy form and attendance slip are not annexed to this Notice.
  6. Institutional/Corporate Shareholders (i.e. other than Individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorization shall be sent to the Scrutinizer by e-mail through its registered e-mail id with a copy marked to the Company.
  7. The Company has appointed Ms. Ragini Chokshi & Associates, Practicing Company Secretary (C.P. No. 1436) as Scrutinizer for conducting the remote e-voting in a fair and transparent manner.
  8. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013 (Act).
  9. The Register of Members and the Share Transfer books of the Company will remain closed from Monday, August 24, 2020 to Saturday, August 29, 2020 (both days inclusive) for the 57th AGM and payment of Dividend, if declared, at the forthcoming AGM.
  10. (i) If the Dividend, as recommended by the Board of Directors, is approved at the ensuing AGM, payment of such Dividend be subject to deduction of tax at source and will be paid on Friday, September 4, 2020, to those Members whose names are registered as such in the Register of Members of the Company as on Saturday, August 22, 2020 and to the beneficiary holders as per the beneficiary list as on Saturday, August 22, 2020 provided by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
    - (ii) The Company provides the facility to the Members for remittance of Dividend directly in electronic mode through National Automated Clearing House (NACH). In view of the outbreak of the COVID-19 pandemic and resultant difficulties involved in dispatching of physical Dividend warrants, Members holding shares in physical form and desirous of availing this facility of electronic remittance are requested to provide their latest bank account details (Core Banking Solutions Enabled Account Number, 9 digit MICR and 11 digit IFSC Code), along with their Folio Number on the link of the Company's Registrar and Share Transfer agents (RTA) Link Intime India Private Limited at [https://www.linkintime.co.in/EmailReg/Email\\_Register.html](https://www.linkintime.co.in/EmailReg/Email_Register.html). Shareholders holding shares in dematerialized form are requested to provide the said details to their respective Depository Participants.
      - (iii) The above link may also be used by the Members holding shares in physical form to request changes, if any, pertaining to their postal address, e-mail address, telephone/ mobile numbers, Permanent Account Number (PAN), etc.
      - (iv) In line with the General Circular No. 20/ 2020 dated May 5, 2020 issued by the Ministry of Corporate Affairs (MCA), in case the Company is unable to pay the Dividend to any Member by electronic mode, due to non-availability of their latest bank account details as stated above, the Company shall upon normalization of the postal services, dispatch the dividend warrant/ cheque to such Member by post.
      - (v) Members holding shares in dematerialized form are hereby informed that the bank particulars registered against their respective depository accounts will be used by the Company for payment of Dividend. The Company or its RTA cannot act on any request received directly from the Members holding shares in dematerialized form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
  11. (i) Pursuant to Finance Act 2020, Dividend income will be taxable in the hands of Shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from Dividend paid to Shareholders at the prescribed rates. For the prescribed rates for various categories, Shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.
 

A separate e-mail will be sent at the registered e-mail id of the Members describing about the detailed process to submit / upload the documents / declarations along with the formats in respect of deduction of tax at source on the dividend payout. Sufficient time will be provided for submitting the documents / declarations by the Members who are desiring to claim beneficial tax treatment. The intimation will also be uploaded on the website of the Company [www.unichemlabs.com](http://www.unichemlabs.com).

    - (ii) A Resident individual Shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by updating the details on the following link provided by the Company's RTA namely <https://www.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> latest by Friday, August 21, 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

- (iii) Non-resident Shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending it on the link provided by the Company's RTA namely <https://www.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> latest by Friday, August 21, 2020.
12. The Company has transferred on due dates, the unpaid or unclaimed Dividend declared upto the financial year ended March 31, 2012 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of the Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with the Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on March 31, 2019, on the website of the Company at [www.unichemlabs.com](http://www.unichemlabs.com) and on the website of the Ministry of Corporate Affairs at [www.iepf.gov.in](http://www.iepf.gov.in).
13. Members are requested to note that no claim shall lie against the Company in respect of any amount of Dividend remaining unclaimed/unpaid for a period of seven years from the dates they became first due for payment. Any Member, who has not claimed final Dividend for the financial year 2012-2013 onwards is requested to approach the Company/the Company's RTA for claiming the same as early as possible, but no later than Thursday, August 20, 2020. The Company has already sent reminders to all such Members at their registered addresses in this regard.
14. During the financial year 2016-2017, the Ministry of Corporate Affairs notified the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("IEPF Rules") and amendments thereto. Pursuant to the provisions of the IEPF Rules read with Section 124 (5) and Section 124 (6) of the Companies Act, 2013, all shares on which Dividend has not been paid or claimed for seven consecutive years or more shall be transferred to demat account of IEPF authority. The Company has uploaded full details of such Shareholders and shares transferred to the IEPF suspense account on its website [www.unichemlabs.com](http://www.unichemlabs.com). Shareholders are requested to refer to the link on the company's website namely <https://unichemlabs.com/investor-information/unclaimed-dividend/> to verify the details of un-encashed Dividends and the shares transferred to the IEPF suspense account.
15. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of Listed Companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.
- Members can contact the Company or Company's RTA, Link Intime India Private Limited for the same.
16. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Please write to the Company's RTA at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
17. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in the electronic form are, therefore requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in the physical form should submit their PAN to the Company's RTA, Link Intime India Private Limited.
18. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
19. Details of the Director retiring by rotation form an integral part of the Notice. The Director has furnished the requisite declaration for his re-appointment.
20. A statement setting out material facts pursuant to Section 102 (1) of the Act, with respect to the items of Special Business is annexed hereto.
21. Members seeking any information with regard to the accounts/financials or any matter to be placed at the ensuing AGM, are requested to write to the Company latest by Friday, August 21, 2020 through e-mail on [shares@unichemlabs.com](mailto:shares@unichemlabs.com). The same will be replied by/on behalf of the Company suitably.
22. The Company will allot time for Members to express their views or give comments during the Meeting. The Members who wish to speak at the Meeting need to register themselves as a speaker by sending an e-mail from their registered e-mail id mentioning their name, DP ID, Client ID / Folio number and mobile number, on e-mail ID at [shares@unichemlabs.com](mailto:shares@unichemlabs.com) on or before 5:30 p.m. on Friday, August 21, 2020. Depending on the availability of time, the Company reserves the right to restrict the number of speakers at the Meeting.
- Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting.
23. Since the AGM will be held through VC/OAVM, the Route Map of the AGM is not annexed in this Notice.
24. Due to the current pandemic, the Registers as required under the Act and the documents referred to in the Notice shall not be available for inspection at the Registered Office. However a request for the same may be made to the Company Secretary at [shares@unichemlabs.com](mailto:shares@unichemlabs.com).



## 25. Instructions for E-voting and using VC/OAVM

**(a) Instructions for Shareholders for Remote e-voting are as under :**

- (i) The voting period begins on Tuesday, August 25, 2020 at 10:00 a.m. (IST) and ends on Friday, August 28, 2020 at 5:00 p.m. (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date Saturday, August 22, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) A person whose name is recorded in the Register of Members or in the List of Beneficial Owners maintained by the depositories as on the cut-off date i.e. Saturday, August 22, 2020 shall be entitled to avail the facility of remote e-voting as well as voting through e-voting system during the AGM. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member/ Beneficial Owner (in case of shares held in dematerialised form) as on the cut-off date i.e. Saturday, August 22, 2020.
- (iii) Any person who becomes a Member of the Company after dispatch of the Notice of the AGM and holding shares as on the cut-off date i.e. Saturday, August 22, 2020 and wishing to participate in the e-voting may obtain User ID and password by sending a letter or e-mail to the Company's RTA at [evoting.investors@linkintime.co.in](mailto:evoting.investors@linkintime.co.in) providing details such as name of the Member, DPID / Client ID no. and name of the Company. User ID and password will be provided through e-mail or SMS or letter as per details of the Member provided by the Depositories or available with the RTA. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
- (iv) The Shareholders should log on to the e-voting website at [www.evotingindia.com](http://www.evotingindia.com).
- (v) Click on "Shareholders" module.
- (vi) Now enter your User ID:
  - a. For CDSL: 16 digits beneficiary ID.
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
  - c. Shareholders holding shares in physical form should enter folio number registered with the Company.
- (vii) Next enter the Image Verification as displayed and Click on Login.
- (viii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (ix) If you are a first time user follow the steps as given herein:

**For Shareholders holding shares in Demat Form and Physical Form**

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as Physical Shareholders). Members who have not updated their PAN with the Company / Depository Participant are requested to send an e-mail at <a href="mailto:evoting.investors@linkintime.co.in">evoting.investors@linkintime.co.in</a> providing details such as name of the Member, DPID / Client ID no. and name of the Company and obtain default PAN.
Dividend Bank Details or Date of Birth	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company's records in order to login. If both the details are not recorded with the Depository or Company, please enter the Member id / folio number in the Dividend bank details field as mentioned in instruction (vi).

- (x) After entering these details appropriately, click on "SUBMIT" tab.
- (xi) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, Shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for Resolutions of any other Company on which they are eligible to vote, provided that the Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xii) For Shareholders holding shares in physical form, the details can be used only for e-voting on the Resolutions contained in this Notice.
- (xiii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiv) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xvi) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvii) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.

- (xviii) You can also take a print of the votes cast by clicking on “Click here to print” option on the voting page.
- (xix) If a demat account holder has forgotten the login password then enter the User ID and the Image Verification Code and click on forgot password and enter the details as prompted by the system.
- (xx) Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective store. Please follow the instructions as prompted by the mobile app while remote voting on your mobile.
- (b) Process for those shareholders whose e-mail addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:**
- (i) For Physical Shareholders: Please provide necessary details like folio No., name, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by e-mail to the RTA’s e-mail id at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
- (ii) For Demat Shareholders: Please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of consolidated account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to the RTA at [evoting.investors@linkintime.co.in](mailto:evoting.investors@linkintime.co.in).
- (iii) The Company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned Shareholders.
- (c) Instructions for Shareholders attending the AGM through VC/OAVM are as under:**
- (i) Shareholders will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-voting system. Shareholders may access the same at <https://www.evotingindia.com> under Shareholders / Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Shareholder / Members login where the EVSN of Company will be displayed.
- (ii) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- (iii) Further Shareholders will be required to allow camera and use internet with a good speed to avoid any disturbance during the Meeting.
- (iv) Please note that the 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.
- (d) Instructions for shareholders for e-voting during the AGM are as under:**
- (i) The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- (ii) Only those Shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
- (iii) If any votes are cast by the Shareholders through the e-voting available during the AGM and if the same Shareholders have not participated in the Meeting through VC / OAVM facility, then the votes cast by such Shareholders shall be considered invalid as the facility of e-voting during the Meeting is available only to the Shareholders attending the Meeting.
- (iv) Shareholders who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- (e) Note for non-individual shareholders and custodians**
- (i) Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- (ii) A scanned copy of the registration form bearing the stamp and sign of the entity should be e-mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (iii) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- (iv) The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- (v) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (vi) Alternatively Non Individual Shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the e-mail address at [shares@unichemlabs.com](mailto:shares@unichemlabs.com), if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- (vii) Alternatively, if you are registered for CDSL’s EASI/EASIEST e-services, you can log-in at

<https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-voting option and proceed directly to cast your vote electronically.

- (viii) If you have any queries or issues regarding attending AGM and e-voting from the e-voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022 - 2305 8738) or Mr. Mehboob Lakhani (022 - 2305 8543) or Mr. Rakesh Dalvi (022 - 2305 8542).
26. The voting rights of Shareholders shall be in proportion to their share of the paid-up capital of the Company as on the cut-off date, Saturday, August 22, 2020.
27. The Scrutinizer shall after scrutinizing the votes cast through remote e-voting not later than forty eight hours from the conclusion of the AGM, make and submit the Scrutinizer's Report and submit it to the Chairman or any person authorized by the Board, who shall counter sign the same. The results declared along with the Scrutinizer's report shall be placed on the website of the Company and of CDSL. The results shall also simultaneously be communicated to the Stock Exchanges where the Company's shares are listed.
28. Subject to the receipt of the requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM i.e. Saturday, August 29, 2020.
29. Brief profile of the Director retiring by rotation
- As required by Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the particulars of the Director who is retiring by rotation and who has offered himself for re-appointment are given below:
- Mr. Dilip Kunkolienkar, aged sixty nine years, is a Bachelor of Pharmacy from Mumbai University. He has more than four decades of rich exposure at various positions in the Pharmaceutical industry in various leading Pharmaceutical houses like Richardson Hindustan Limited, Geigy Limited, Raptakos Brett Company Limited and German Remedies Limited.

He was appointed as Director Technical of the Company for a period of three years w.e.f. April 1, 2018. Before that Mr. Kunkolienkar served as Vice President – Global Generics & Compliance at the Company with additional charge of rendering formulation operation and technical services to unit heads and the Management.

He has diverse experience in the manufacture of tablets, capsules, parenterals, Oral Solid and Liquid Dosage forms, suppositories of various forms; with an additional exposure to Bio studies, Product Viabilities, Planning, General Administration, Documentation, Regulatory Audits, Capex / Revenue budgeting, Research & Development and API Marketing.

Mr. Kunkolienkar is a member of the Audit Committee of the Company. He currently holds 75,538 equity shares of the Company. The number of Board Meetings attended by Mr. Kunkolienkar is given in the Corporate Governance Report forming part of the Annual Report 2019- 2020.

He also serves as a Director in the Company's Wholly Owned Subsidiaries namely Unichem Pharmaceuticals (USA) Inc, Niche Generics Limited, UK, Unichem Laboratories Limited, Ireland and Unichem (China) Private Limited, China.

He is not related to any of the Directors or Key Managerial Personnel of the Company.

The Board of Directors are of the opinion that the knowledge and vast experience of Mr. Kunkolienkar will be of immense benefit to the Company. The Board recommends the Resolution as set out at Item No. 4 for the approval of the Members by way of an Ordinary Resolution.

By order of the Board of Directors,  
For **Unichem Laboratories Limited**

**Pradeep Bhandari**

Mumbai  
June 19, 2020

Head – Legal & Company Secretary  
Membership No.: A14177

**Registered Office:**

Unichem Bhavan, Prabhat Estate, Off S. V. Road  
Jogeshwari (West), Mumbai – 400 102



# Annexure to Notice

## Explanation to Item No. 4 of the Notice.

Mr. Dilip Kunkolienkar was appointed as the Director Technical for a period of three years w.e.f. from April 1, 2018. The said appointment was approved by the Members vide Special Resolutions at the Annual General Meeting (AGM) and Postal Ballot Meeting of the Company held on July 28, 2018 and December 13, 2018 respectively.

Mr. Kunkolienkar retires by rotation at the ensuing AGM in terms of the provisions of Section 152 of the Act. The Company has four Independent Directors namely Mr. Prafull Anubhai, Mr. Prafull Sheth, Mr. Anand Mahajan, Dr. (Mrs.) B. Kinnera Murthy and two Executive Directors namely Dr. Prakash A. Mody, Chairman & Managing Director (CMD) and Mr. Dilip Kunkolienkar, Director Technical.

The Act provides that Independent Directors are not subject to retirement by rotation and two-thirds of the remaining Directors shall be subject to retirement by rotation. In terms of appointment of the CMD and the Articles of Association of the Company, the CMD is not liable to retire by rotation. Accordingly, Mr. Kunkolienkar will retire by rotation and being eligible offers himself for re-appointment.

On recommendation of the Nomination and Remuneration Committee, the Board of Directors recommends the Ordinary Resolution at Item no. 4, for approval by the Members.

## Statement setting out material facts pursuant to Section 102 (1) of the Companies Act, 2013, (the Act).

### Item No. 5

The Board of Directors at its Meeting held on June 19, 2020, based on the recommendation of the Audit Committee, appointed Kishore Bhatia & Associates, Cost Accountants (Firm Registration No. 00294) Cost Accountants, Mumbai as Cost Auditors for undertaking Cost Audit of the Cost Accounting Records maintained by the Company for the financial year ending March 31, 2021, at a remuneration not exceeding ₹ 7.50 Lakhs (Rupees Seven Lakhs Fifty Thousand Only) plus applicable taxes and out of pocket expenses at actuals. The auditors have confirmed that they are eligible for appointment as Cost Auditors.

As per Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the said Cost Auditors is required to be ratified by the Members of the Company.

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item No. 5.

Hence, Resolution at Item No. 5 of the Notice, is recommended by the Board of Directors for Members approval as an Ordinary Resolution.

### Item No. 6

In terms of Regulation 17 (6) (e) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 issued on May 9, 2018 ("Amended Listing Regulations"), which became effective from April 1, 2019, the remuneration payable to the Executive Directors

who are promoters or Members of the promoter group, shall be subject to the approval of the Members by Special Resolution in General Meeting, if:

a. the annual remuneration payable to such Executive Director exceeds ₹ 5 crore or 2.5 % of the net profits of the Listed Entity, whichever is higher; or

b. where there is more than one such Director, the aggregate annual remuneration to such Directors exceeds 5 % of the net profits of the Listed Entity;

Provided that the approval of the Shareholders under this provision shall be valid only till the expiry of the term of such Director.

The Company has one Promoter Executive Director namely Dr. Prakash A. Mody, who is the Chairman & Managing Director (CMD). Dr. Mody was re-appointed as the CMD of the Company for a period of three years w.e.f. July 1, 2018 as per the terms and conditions duly approved by the Members vide Special Resolutions passed at the Annual General Meeting and the Postal Ballot Meeting held on July 28, 2018 and December 13, 2018 respectively, in terms of Sections 196, 197, 198 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or reenactment(s) thereof) read with Schedule-V of the Companies Act, 2013.

In order to comply with the requirements of said Amended Listing Regulations, the Board of Directors is seeking approval from Members again by way of a Special Resolution for paying remuneration to Dr. Prakash A. Mody exceeding the limits prescribed in the Amended Listing Regulations, but within the limits as specified in the Special Resolutions duly approved by the Members at the Annual General Meeting and Postal Ballot Meeting of the Company held on July 28, 2018 and December 13, 2018 respectively. The approval sought herein shall be valid till the remaining term of Dr. Mody's appointment which ends on June 30, 2021.

None of the Directors or Key Managerial Personnel or their relatives except Dr. Mody and his relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item No. 6 of the Notice.

Hence, Resolution at Item No. 6 of the Notice, is recommended by the Board of Directors for Members approval as a Special Resolution.

By order of the Board of Directors,  
For **Unichem Laboratories Limited**

**Pradeep Bhandari**

Mumbai  
June 19, 2020

Head – Legal & Company Secretary  
Membership No.: A14177

### Registered Office:

Unichem Bhavan, Prabhat Estate, Off S. V. Road  
Jogeshwari (West), Mumbai – 400 102

# Directors' Report

Dear Members,

Your Directors have the pleasure in presenting the audited accounts of your Company for the financial year ended March 31, 2020.

## Financial Highlights

The table below gives the financial highlights of the Company for the year ended March 31, 2020 on standalone basis as compared to the previous financial year.

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Revenue from operations	90,488.53	96,773.89
Other Income	9,917.01	10,154.23
<b>Total Income</b>	<b>1,00,405.54</b>	<b>1,06,928.12</b>
<b>Profit/(Loss) before tax</b>	<b>(6,381.18)</b>	<b>(2,158.02)</b>
Current tax	-	-
Deferred tax	(749.56)	(2,737.77)
Short / (excess) provision for tax (earlier years)	-	(124.45)
<b>Profit (Loss) for the year from continuing operations</b>	<b>(5,631.62)</b>	<b>704.20</b>
Profit/(Loss) from discontinued operations		
A. Profit / (Loss) from discontinued operations	-	246.96
B. Gain on sale of identified business (net)	-	-
<b>Profit/(Loss) for the year from discontinued operations (A+B)</b>	<b>-</b>	<b>246.96</b>
Tax on discontinued operations	-	71.24
<b>Profit/(Loss) from discontinued operations (after tax)</b>	<b>-</b>	<b>175.72</b>
<b>Profit/(Loss) for the year</b>	<b>(5,631.62)</b>	<b>879.92</b>
<b>Total Comprehensive Income</b>	<b>(5,332.12)</b>	<b>851.43</b>

## Management Discussion and Analysis

As required by Regulation 34 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), a Management Discussion and Analysis Report is a part of this Annual Report.

The state of the affairs of the business along with the financial and operational developments has been discussed in detail in the Management Discussion and Analysis Report.

## Appropriations

An amount of ₹ (5,631.62) Lakhs is proposed to be carried forward in the Profit & Loss Account. No amount has been transferred to General Reserve.

## Dividend

The Board has recommended a Dividend of ₹ 4/- (200%) per equity share of ₹ 2/- each for the year ended March 31, 2020 for the approval of the Members at the ensuing Annual General Meeting (AGM). The Register of Members and Share Transfer Books shall remain closed from Monday, August 24, 2020 to Saturday, August 29, 2020 (both days inclusive) for the purpose of AGM and, if approved by the Members. The AGM of the Company is scheduled for Saturday, August 29, 2020.

The Company has a Dividend Distribution Policy in place and the same is available on the website of the Company at

<https://unichemlabs.com/policies-code-of-conduct/dividend-distribution-policy/>.

Pursuant to Finance Act, 2020, Dividend income will be taxable in the hands of Shareholders w.e.f. April 1, 2020 and the Company shall deduct tax at source from Dividend paid to the Shareholders at the prescribed rates.

## Employees Stock Options Schemes

### Scheme 2008

During the year under review, 22,500 options having a face value of ₹ 2/- each were exercised and the same were allotted (on *pari passu* basis) under the Employees Stock Option Scheme - 2008. As per the requirements of the SEBI (Share Based Employee Benefits) Regulations, 2014, details of this scheme form part of the Directors' Report and shall be available on the Company's website at <https://unichemlabs.com/investor-information/annual-report/>.

### Scheme 2018

During the year under review, no employee stock options were granted to the Senior Management under the Employees Stock Option Scheme 2018. In terms of the requirements specified under the SEBI (Share Based Employee Benefits) Regulations, 2014, details of this scheme form part of the Directors Report and is available on the Company's website at <https://unichemlabs.com/investor-information/annual-report/>.

## Research and Development (R&D)

Kindly refer to the write up in the Section, Management Discussion and Analysis Report.

## Corporate Governance

As required under Regulation 34 of the Listing Regulations, a Report on Corporate Governance along with a Certificate of Compliance from the Auditors is part of this Report.

## Consolidated Financial Statements

The annual audited consolidated financial statements together with the report of the Auditors' thereon, forms part of this Annual Report.

## Review of Subsidiaries and Associates

Your Company has six subsidiaries and one associate Company. A statement containing salient features of the financial statements of the subsidiaries and associate company, pursuant to Section 129 of the Companies Act, 2013 (the Act), and rules made thereunder, is annexed to this Report as Annexure A in the prescribed Form AOC -1 and hence not repeated here for the sake of brevity.

Your Company has incorporated a Wholly Owned Subsidiary (WOS) in China on June 27, 2019 under the name "Younikaimo Pharmaceutical (Shanghai) Private Limited" [Unichem (China) Private Limited]. The regulatory changes had opened the avenue for Indian companies to register their products and market them in China. Product registration is quick for products already having United States Food and Drug Administration (USFDA) approval and your Company has a large portfolio of Abbreviated New Drug Applications (ANDAs) approved in the United States. This would help your Company to expand its business in China for finished formulations. Your China office will also register Active Pharmaceutical Ingredients (APIs) for Chinese market and help the Company's sourcing efforts to secure its supply chain.

Synchron Research Services Private Limited (Synchron) is an associate company in terms of Section 2 (6) of the Act. Synchron is a leading contract research organization in India which offers competitive and high-quality clinical trial services to domestic and international pharmaceutical and bio-pharmaceutical companies. Your Company avails these services from Synchron from time to time.

## Particulars of Loans, Guarantees and Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are given in the notes to the financial statements.

## Deposits

The Company has not accepted any deposits within the meaning of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

## Risk Management

Your Company considers risk management as a key element of its business operations and has put in place effective systems to identify, monitor and mitigate risks to ensure sustained operations. A section on Risk Management practices of the Company is included in the Management Discussion and Analysis Report.

## Directors and Key Managerial Personnel

Dr. Prakash A. Mody is the Chairman & Managing Director of the Company. Mr. Dilip Kunkolienkar, Director Technical retires by rotation and being eligible has offered himself for re-appointment. The Board has recommended Mr. Kunkolienkar's re-appointment as a Director retiring by rotation for consideration of the Members at the 57th AGM.

All Independent Directors have declared that they meet the criteria of Independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16(b) of the Listing Regulations. All Independent Directors have given declarations stating compliance with the Code of Ethics and Business Conduct. There has been no change in the circumstances affecting their status as Independent Directors of the Company. In the opinion of the Board, the Independent Directors fulfill the conditions specified in these Regulations and are independent of the management.

During the year under review, the Non-Executive Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending Meetings of the Board / Committee of the Company and the dividend paid on the equity shares held by them.

Mrs. Neema Thakore - Head Legal & Company Secretary superannuated on July 31, 2019 and Mr. Pradeep Bhandari was appointed as - Head Legal & Company Secretary w.e.f. August 1, 2019.

In terms of Section 203 of the Companies Act, 2013, Dr. Prakash A. Mody, Chairman & Managing Director, Mr. Dilip Kunkolienkar, Director Technical, Mr. Sandip Ghume, Deputy Chief Financial Officer and Mr. Pradeep Bhandari, Head-Legal & Company Secretary (w.e.f. August 1, 2019) are the Key Managerial Personnel of the Company.

## Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134 (3) (c) of the Companies Act, 2013 (Act):

1. that in preparation of annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed and no material departures, have been made from the same;

2. that such accounting policies have been selected and applied 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 as at March 31, 2020 and Profit / Loss for the year ended on that date;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts have been prepared on a going concern basis;
5. that the internal financial controls were in place and that they were adequate and operating effectively; and
6. that systems to ensure compliance with the provisions of all applicable laws were devised and such systems were adequate and operating effectively.

### Board performance and Evaluation

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out an annual performance evaluation of the working of its own performance, its Committees and the Directors individually. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation, the Directors who were subject to evaluation did not participate. A structured questionnaire was prepared after taking into consideration inputs received from the Directors covering various aspects of the functioning of the Board and its Committees.

The evaluation of the Directors was done on various parameters such as vision and strategy, Board participation, Board disclosures of interests, review of risk management policies, evaluating plans with reference to risk and return, good governance and leadership skills.

### Salient features of the Nomination and Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, has adopted a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management. The policy is available on the Company's website at <https://unichemlabs.com/nomination-and-remunerationpolicy/>.

The Company considers human resources as its invaluable assets. The Nomination and Remuneration Policy aims to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company. The Remuneration Policy for all employees is designed to attract talented personnel and remunerate them fairly and responsibly, this being a continuous, ongoing exercise at each level in the organization.

### Whole -Time/ Managing Director

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component wherever applicable as per terms of appointment) to its Whole Time Directors. A proper balance between fixed and variable component is aimed at. Salary is paid based on the recommendation of the Nomination and Remuneration Committee and as approved by the Board of Directors, subject to the approval of the Shareholders within the limits stipulated by the Companies Act, 2013 (Act) and the rules made thereunder. The remuneration paid to the Whole Time Directors is determined keeping in view the industry benchmark and the relative performance of the Company compared to the industry performance.

### Non-Executive Directors

Non-Executive Directors receive sitting fees for attending Meetings of the Board and its Committees as per the provisions of the Act and the rules made thereunder. Besides payment of sitting fees and Dividend on equity shares, if any, held by the Directors, no other remuneration is paid to the Non-Executive Directors. The Nomination and Remuneration Committee may recommend to the Board, the payment of commission taking into account the evaluation of the performance of the Company.

### Key Managerial Personnel (KMP) and other Employees

The remuneration of KMP other than the Executive Director and other Senior Managerial Employees largely consists of basic salary, perquisites, allowances, ESOPs and performance incentives (wherever paid). Perquisites and retirement benefits are paid according to the Company's policy. The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification and experience, merits and performance of each employee. The Company while deciding the remuneration package takes into consideration the current employment scenario and remuneration package prevalent in the industry and peer group companies.

### Meetings

During the year, five Board Meetings were held, the details of which are given in the Corporate Governance Report.

### Board Committees

The constitution of the Board Committees, its scope, role and terms of reference are as per the provisions of the Act, the rules made thereunder and the Listing Regulations. All the recommendations made by the Audit Committee were accepted by the Board of Directors. The constitution of the Board Committees is provided in the Corporate Governance Report.

### Whistle Blower Policy

The Company has in place a Whistle Blower/Vigil Mechanism



through which its Stakeholders, Directors and Employees can report genuine concerns about the unethical behaviour and actual or suspected fraud or violation of the Company's 'Code of Business Conduct and Ethics'. The said Policy provides for adequate safeguards against victimization and also direct access to the Audit Committee. The e-mail id for reporting genuine concerns is [whistleblower@unichemlabs.com](mailto:whistleblower@unichemlabs.com).

### **Significant and Material orders passed by the Regulators/ Courts / Tribunals**

No significant or material orders were passed by the regulators, courts or tribunals which impact the Company's going concern status and its operations in the future.

However your Directors would like to inform that on 9th July, 2014, European Commission ("EU") decided to impose an unjustified fine of Euro 13.96 million, jointly and severally on the Company and its subsidiary Niche Generics Ltd ("Niche") contending that they had acted in breach of EU competition law as Niche Generics Ltd had, in early 2005 (when the Company was only a part owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company and Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated December 12, 2018 and confirmed the fine of Euro 13.96 million. The Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the EU and outcome of the appeals is awaited. Considering the above, in view of the management, no provision for the aforesaid fine is considered necessary. Based on above, fine imposed by the EU of Euro 13.96 million (equivalent to ₹ 11, 614.72 Lakhs) is disclosed under contingent liability.

### **Material changes and commitment, if any, affecting the financial position of the Company from the end of the financial year till the date of this Report**

There have been no material changes and commitments, affecting the financial position of the Company between the end of the financial year to which the financial statements relate and the date of this Report.

### **Related Party Transactions**

During the year under review, approval of the Audit Committee and Board of Directors was sought for Related Party Transactions wherever required.

The Audit Committee has given prior approval for all Related Party Transactions wherever applicable. The Policy on Related Party Transactions (Policy) as approved by the Board is uploaded on the Company's website and the weblink is <https://www.unichemlabs.com/related-party-transactions->

[policy.php](#). The particulars of contracts or arrangements with Related Parties referred to in Section 188 (1) of the Act are provided, in the prescribed Form AOC - 2 annexed as Annexure B to this Report.

Except to the extent of the shares held in the Company and the remuneration drawn from the Company, none of the Directors and Key Managerial Personnel have any pecuniary relationships or transactions *vis-à-vis* the Company.

### **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place a policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, whilst dealing with issues related to sexual harassment at the workplace. All women employees (permanent, temporary, contractual and trainees) are covered under this Policy. The ICC did not receive any complaints during the year under review.

### **Auditors**

Pursuant to provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, N. A. Shah Associates LLP (Firm Registration No. 116560W/W100149), Chartered Accountants, were appointed as Statutory Auditors of the Company, to hold office from the conclusion of 54th AGM until the conclusion of 59th AGM, subject to ratification by Members at every subsequent AGM.

The provisions of Section 139 of the Act were amended and notified with effect from May 7, 2018. In terms of the said amendment, appointment of the Auditors is no longer required to be ratified by the Members at every subsequent AGM. In view of this, no Resolution is proposed for ratification of the appointment of the Auditors at the ensuing AGM.

N. A. Shah Associates LLP, (Firm Registration No. 116560W/W100149), Chartered Accountants, have confirmed that they are not disqualified from continuing as Statutory Auditors of the Company.

During the year under review, the Auditors have not reported any matter under Section 143 (12) of the Act and therefore no details are disclosed under Section 134 (3) (ca) of the Act.

The said auditors have confirmed that their firm has been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and they hold a valid certificate issued by the Peer Review Board of the ICAI.

**Cost Auditors**

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Act, accordingly such accounts and records are made and maintained by the Company.

The Board of Directors at its Meeting held on June 19, 2020, based on the recommendation of the Audit Committee, appointed Kishore Bhatia & Associates, Cost Accountants, (Firm Registration No. 00294); as Cost Auditors for undertaking Cost Audit of the Cost Accounting Records maintained by the Company for the financial year 2020-2021 at a remuneration not exceeding ₹ 7.50 Lakhs (Rupees Seven Lakhs Fifty Thousand Only) plus applicable taxes and out of pocket expenses at actuals. The said Auditors have confirmed their eligibility for appointment as Cost Auditors. The remuneration payable to the said Cost Auditors is required to be placed before the Members at the ensuing AGM for ratification and a suitable Resolution has been set out in the Notice of the 57th AGM. The Cost Audit Report for the year ended March 31, 2019 was filed with the Ministry of Corporate Affairs on August 22, 2019.

**Secretarial Audit**

Pursuant to the provisions of Section 204 of the Act and the Rules made thereunder, the Company has appointed Alwyn Jay & Co., Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as Annexure C to this Report. There is no qualification, reservation, adverse remark or disclaimer in the said Report.

During the year under review, the Secretarial Auditors have not reported any matter under Section 143 (12) of the Act, and therefore no details are disclosed under Section 134 (3) (ca) of the Act.

**Compliance with Secretarial Standards**

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India with regard to Board Meetings (SS-1) and General Meetings (SS-2).

**Internal control systems and their adequacy**

The Company has in place adequate internal financial controls with reference to its financial statements. These controls ensure the accuracy and completeness of the accounting records and the preparation of reliable financial statements. The details of the same are included in the Management Discussion and Analysis Report.

**Energy Conservation, Technology Absorption, and Foreign Exchange Earnings and Outgo**

The particulars as prescribed under Section 134 (3) (m) of the Act and rules made thereunder are set out in Annexure D to this Report.

**Dividend Distribution Policy**

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy and is available on the Company's website <https://unichemlabs.com/policies-code-of-conduct/dividend-distribution-policy/>.

**Corporate Social Responsibility (CSR)**

Your Company believes in the philosophy of giving back. Being in the pharmaceutical industry your Company's primary focus is healthcare. Also your Company focusses on various CSR activities such as education, sanitation, infrastructure, protection of environment, women empowerment, general welfare and participating in the development of other areas in which your Company operates. The CSR activities are undertaken in the areas around the Company's locations. The CSR policy is available on the website of the Company and the Annual Report on CSR activities, as required under Section 135 of the Act, is annexed as Annexure E to this Report.

During the year under review, the total amount to be spent on CSR was ₹ 96.16 Lakhs. The Company spent ₹ 202.98 Lakhs which is 4.22 % of the average profits, for the last three financial years. There was no unspent amount during the year.

**Particulars of Employees and related disclosures**

Disclosures pertaining to remuneration and other details as required under Section 197 (12) of the Act and Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, are annexed as Annexure F to this Report.

In terms of the provisions of Section 197 (12) of the Act and Rules 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, details of employee's remuneration, form part of this Report. However, as per the provisions of Sections 134 and 136 of the Act, the Report and financial statements are being sent to the Members and others entitled thereto, excluding the information on employees particulars. Any Member interested in obtaining a copy of the same may write to the Company Secretary at the Company's Registered Office.

**Extract of Annual Return**

Form MGT-9, providing an extract of the annual return in terms of Section 92 of the Act and the rules made thereunder, forms part of this Report as Annexure G and is also placed on the website of the Company at <https://www.unichemlabs.com/annual-report.php>.

**Business Responsibility Report**

Regulation 34 (2) of the Listing Regulations, *inter alia*, provides that the Annual Report of the Top 1000 listed entities

based on market capitalization (calculated as on March 31 of every financial year), shall include a Business Responsibility Report ("BRR"). Since your Company, falls in the list of Top 1000 listed entities as per market capitalization as on March 31, 2020, the Business Responsibility Report for the financial year 2019-2020 forms part of the Annual Report.

## Human Resources and Employee Relations

The Board of Directors commends the continued dedication of all its employees. Details of Human Resources and Employee Relations and matters incidental thereto are provided in the Management Discussion and Analysis Report.

## Quality and Environment

Your Company's mission envisages a strong sense of commitment to work by being a caring pharmaceutical company, which will continuously strive to enhance health through quality products. Your Company aims at consistently providing products that meet customer needs of international regulatory requirements. Your Company has been steadily raising the bar, setting higher goals for incremental performance and enlarging the scope of its initiatives. The environmental policy of your Company emphasizes being a caring Company, which shall protect and promote the environment by complying with applicable environmental regulations and preventing pollution in all its operations.

Various initiatives are taken at your Company's manufacturing locations to reduce waste across the plants and reduce usage of paper by recycling wastepaper. Training programs are organized from time to time to create environmental awareness amongst the employees. To conserve water, your Company has devised various water saving methods which are monitored on a day to day basis.

Your Company continues to strive for energy saving and conservation of natural resources. In all its Active Pharmaceutical Ingredients (APIs) plants, your Company has installed online effluent monitoring equipment which is connected to the system of the Central Pollution Control Board.

At the manufacturing units, several green initiatives have been undertaken, most significant being soil conservation, recycling of treated effluent water and using solar energy for street lighting.

## Health and Safety

Health and Safety issues are addressed systematically, effectively and proactively. Your Company takes pride in providing various forms of medical assistance to the families of its employees. Periodic health check-ups are carried out

for all employees and regular training programs are organized on safety and precautionary measures. Firefighting training programs and first aid training camps are organized regularly to educate workers and employees at the plant locations and corporate office.

## Acknowledgement

Your Directors acknowledge the support and wise counsel extended to the Company by investors analysts, bankers, Government agencies, shareholders, suppliers, employees and others associated with the Company as its business partners. Your Directors also acknowledge the trust reposed in the Company by the medical fraternity and patients. We look forward to having the same support in our mission to enhance health through quality products.

## Cautionary Statement

Statements in this Directors' Report and Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principle markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

For and on behalf of the Board of Directors,

**Dr. Prakash A. Mody**

Chairman & Managing Director

(DIN.: 00001285)

Mumbai

June 19, 2020

# Management Discussion and Analysis

## GLOBAL ECONOMY

The global economy was in a precarious place in the year 2019-2020 with demand headwinds, trade tensions between leading economic countries and no-deal Brexit at the turn of the year. The end of the year witnessed global health crisis sparked with the outbreak of COVID -19 pandemic which took an extraordinary heavy toll on the world economy. With the spread of virus across geographies resulting into nations shutdown, bringing economic activities to a standstill, risk of global recession is looking imminent.

The impact of the pandemic is turning out to be more severe than it was initially anticipated. This was further compounded by the interaction of supply disruptions and demand compression since production was curtailed around the world. The pandemic at the heart of the economic rout is likely to cause more behavioural changes that will crimp business and consumer activity in the immediate short term. This would result into lower consumption, weaker business investments due to elevated uncertainty and lower inventory accumulation arising from a combined supply disruption and weakened demand.

Governments across the world immediately rolled out financial support packages and is looking this as an opportunity to reset the economy to become self-reliant, but much of it will depend upon on how quickly each country will move back to normalcy.

## GLOBAL PHARMA MARKET

Globally, the Indian Pharmaceutical industry is ranked third largest in volume terms and tenth largest in value terms. Pharmaceutical Industry is one of the biggest contributor to the world economy and the fastest growing Industry in the world. India is the world's largest provider of generic medicines. The country's generic drug, account for 20 percent of the global generic drug exports (in terms of volumes). Indian drugs are exported to more than 200 countries across the world, with US being the major market along with other key markets such as European Union, UK, Africa, and Russia.

It has been a rough ride in the fiscal year for the global pharmaceutical industry, businesses have been buffeted by an over increase in the cost of raw materials, leaving corporates, hobbled by shrinking margins, no visible recovery in primary US generic market, ongoing price challenges and competition continue to trim the US market, the major export region for the Country. The export market saw structural headwind despite the flattening out of price erosion as compared to steeper falls in the earlier years.

Going forward, it is expected that the global pharmaceutical market is bound for significant growth driven by an increase in

health spending globally more so after the COVID-19 pandemic. Indian pharmaceutical industry's export to the US will get a boost as in recent years branded drugs worth US\$ 55 billion has become off-patent.

## FINANCIAL PERFORMANCE

Amidst continued challenges on several fronts, Unichem achieved improved operational performance against pricing pressures mainly in the US which is your Company's key generic market. Post divestment of the domestic formulation business, your Company has continued to focus its energies on the global regulated markets. Sales including operating income (Gross) on a consolidated basis stood at ₹ 1,21,062.12 Lakhs as compared to ₹ 1,18,004.68 Lakhs in the previous year. Operating profit before other income and R&D expenses at consolidated level was ₹ 10,640.00 Lakhs as compared to ₹ 7,560.00 Lakhs in the previous year showing significant growth of 40.70%. Standalone Sales / Income from Operations (Gross) was ₹ 90,488.53 Lakhs as compared to ₹ 96,773.89 Lakhs in the previous year. Total income from operations on a consolidated and standalone basis was higher and lower by 2.60% and 6.50% respectively over the previous year which was, mainly due to changes in product mix.

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations thereof is provided in **Table-1**.

## INTERNATIONAL BUSINESS

### Generics and Generic Formulations

Generics are bioequivalent to branded medicines and have seen an increased demand as they are less expensive than branded drugs. These off-patented drugs, called as Generics are bioequivalent to branded medicines in terms of efficacy, strength, quality, dosage, intended usage and side effects. This allows expanded patient access and savings for all stakeholders. The US generics drug market grew at a CAGR (compound annual growth rate) of 11.7% during 2014-2019 to reach US\$ 115 bn. The US generic market, this year has been in the limelight for the pricing pressure, its impact and the re-evaluation of the businesses of major drug players.

The next dominant in this Industry is European pharmaceutical market which values over 183 Million € and accounts for around 24% of the total pharmaceutical market. With the Brexit, the United Kingdom has formally left the European Union and is now a third country to the EU which certainly will impact the position of EU in the global Pharmaceutical industry.

EM (Emerging Market) pharma demand is expected to increase strongly with total EM pharma revenues expected to



**Table 1: Details of significant changes in key financial ratios, along with detailed explanations thereof**

Ratio	Standalone			Consolidated			Remarks
	FY 19-20	FY 18-19	Variance	FY 19-20	FY 18-19	Variance	
(i) Debtors Turnover	0.36	0.34	-4%	0.32	0.37	13%	
(ii) Inventory Turnover	0.35	0.28	-23%	0.33	0.29	-14%	
(iii) Interest Coverage Ratio	-0.02	-0.03	30%	-0.19	-0.14	-35%	Standalone - Lower finance cost due to reduction in loan. Consolidated - Higher interest rate cost and exchange impact
(iv) Current Ratio	4.32	6.82	-37%	2.98	4.05	-27%	
(v) Debt Equity Ratio	-	-	-	0.07	0.08	5%	Consolidated - Increase profitability of overseas subsidiaries
(vi) Operating Profit Margin (%)	1%	4%	-78%	3%	1%	169%	Consolidated - Increase profitability of overseas subsidiaries
(vii) Net Profit Margin (%)	-6%	1%	-955%	-5%	-2%	-130%	Consolidated - Increase profitability of overseas subsidiaries
(viii) Return on Net Worth	-2%	0.3%	-746%	-2%	-1%	-170%	Standalone and Consolidated - Lower net profit as compared to previous year

reach US\$490 billion in 2025. This shift towards emerging markets can be attributed to several economic and demographic factors, including increased life expectancy and prosperity, improved access to healthcare services and public or private funding, and growing population. The contribution of Brazil, Russia, India, China, and South Africa (BRICS), followed by Mexico, Indonesia, South Korea, and Turkey (MIST) are the major growth driver for the double-digit growth of the EM. Going forward it is estimated that the emerging markets would account for 30% of the pharmaceutical market. While sales in mature markets are showing stagnant growth or even regressions, emerging markets show continued growth.

Of the Pharmaceutical market, the specialty generics market has grown at a rapid pace comprising of generics that are used to treat chronic, complex health conditions including cancer, autoimmune diseases, epilepsy, HIV, hepatitis, multiple sclerosis, rheumatoid arthritis, etc.

During the year under review Unichem established a wholly owned subsidiary in China namely 'Unichem China Pvt. Ltd', to venture into the complex and regulated market like China with an aim to further spread the geographical reach.

### ACTIVE PHARMACEUTICAL INGREDIENTS (APIs)

The global API market is projected to reach US\$ 268 billion by 2026 from US\$ 182 billion in 2019 growing at a CAGR of 6%. Though India is a source of about 20% of the world's generic for more than two-thirds of the chemical components needed to make them. Overdependence of the Indian pharmaceutical industry on imported APIs exposes it to raw material supply disruptions and pricing volatility.

The rampant increase of chronic diseases and the enhanced demand of the generics has been the major growth driver for the expansion of this Industry. The prescription drug segment has accounted for the growing demand of the APIs and

the rising trend for pharmaceutical companies to outsource API production due to many advantages including eliminating the need for investment in expensive manufacturing facilities and allowing them to focus on their core competencies.

The impending patent expiry cliff, growing outsourcing to battle high manufacturing costs, and stringent regulations for API production are challenges that API suppliers face. The past decade has been dominated by the synthetic or chemical based APIs while the next decade will be dominated by the biopharmaceuticals.

Unichem offers a broad portfolio of APIs across various therapeutic areas. With the strong technical team to handle the regulatory queries and adhering the dynamic global API regulations, Unichem is well placed to benefit from this rising trend of outsourcing of APIs with its focus on quality, reliability, and excellence. It continues to build on its position in the global API market. Unichem will continue to strengthen its expertise in manufacture of intermediates and APIs backed by investment in R&D and Bio-Centre facilities.

### RESEARCH AND DEVELOPMENT (R&D)

R&D is the core which will power Unichem's future growth through a dual strategy of development of patent non-infringing processes for APIs and development of Novel Drug Delivery Systems (NDDS). The Centre of Excellence in Goa, fuelled by over 300 scientists including over 30 PhDs, is the place where the potential of Unichem is brought to life. Offering the most conducive environment for value added research, the R&D has to date developed novel, innovative and efficient processes for 72+ new generation molecules and 63+ ANDAs in various therapeutic categories. The R&D Centre boasts of a strong synthesis and analytical team with the latest facilities at their disposal. The Formulations R&D has State-of-the-Art facilities to undertake formulation development of tablets, capsules, liquid orals, creams, ointments and, a separate facility for injectable and Pre-formulation laboratories to carry out drug-excipient

compatibility studies and physical characterisation of API. Plant simulation experiments designed by Process Engineers help to anticipate and address scale up issues that the laboratory developed processes may face in the plant during technology transfer exercise.

The R&D Centre undertakes formulation services on contract research and development projects for a number of leading global pharmaceutical companies. It is also responsible for formulation development and ANDA filings following Quality by Design (QbD) protocol as laid down by the US FDA and also has Bio-Tech facility which engages in developing novel or biosimilar products using Recombinant DNA platform technology.

Your Company's R&D efforts have borne fruit with a ramp up of the output from R&D resulting in increased number of DMF, Dossier and ANDA filings in the regulated markets. We believe that our investment in R&D will be a game-changer, and will open the door to growth, including out-licensing opportunities in generics and biologics.

In the year under review, Unichem filed 6 ANDAs (Abbreviated New Drug Applications) (including First-to-File and one Para 4), 3 USDMFs (US Drug Master Files) and 1 CEP (Certification of Suitability of European Pharmacopoeia) and other regulatory submissions to various health authorities. We expect an increase in the number of approvals in time to come.

Unichem has been successfully maintaining high-quality standards as per the cGMP (Current Good Manufacturing Practice) guidelines issued by USFDA and other global regulators, responding immediately to observations, if any. During the year under review, Unichem successfully underwent USFDA inspections of the Company's formulation and API facilities at Ghaziabad, Goa, Roha, Kolhapur and Pithampur.

## OPPORTUNITIES AND THREATS

It is expected that over US\$ 200 billion will be spent on medical infrastructure globally in the next decade. As Governments across the world is looking to boost patient access to affordable medicines, the demand for generic drugs is only expected to increase, creating a growing pipeline of opportunities for generics. This growth will be enhanced by various factors including an increase in public healthcare spending, demand for effective treatments with rising patient awareness, and increasing penetration of insurance. Patient pool is also expected to increase over 20% in the next 10 years, mainly due to rise in population and prevalence of lifestyle diseases.

Our country is heavily dependent on China for import of most of its APIs. India needs a healthy and financially strong ecosystem to boost manufacture of APIs to remain self-reliant in the years to come. The present health crisis calls for

proactive measures to step-up economies of scale in the production of intermediates and other key materials with focus on research and development for the APIs. The procrastination syndrome surely calls for prompt treatment.

Unichem's strength in quality and reliability will enable it to continue to take advantage of these opportunities with increased number of filings. Strong regulatory compliance structure has helped Unichem to get approvals from regulatory bodies across the globe. Unichem is poised for success with subsidiaries in the US and Europe to give a winning edge in the regulated markets.

The Government is working on developing bulk drug manufacturing parks to boost local production and reduce dependence on imports. Your Company is focusing on efficiency and backward integration by ramping up its capacities in APIs and intermediates. Unichem is looking to use these APIs for captive consumption which will give it an edge in the global generics market. Its strategic investments in two pharma companies engaged into research and development, marketing and distribution of APIs will help meet the demand of exports for incremental growth. Your Company has a competitive advantage due to its investment in R&D and its vertically integrated business will help to further consolidate its position in the global pharma business.

## RISKS AND CONCERNS

Pharma sector being highly regulated, maintaining and complying with the regulatory changes will always remain a challenge. This sector is highly vulnerable to data privacy and patent infringement resulting to increased litigation costs. International Pharma business is further prone to economic and political risk in terms of instability and economic policy changes. On the administrative front, ever since the Goods and Service Tax was implemented, there have been widespread and persistent complaints from exporters about incomplete and much-delayed receipt of input tax credits resulting into working capital mismatch on full supply chain.

COVID-19 pandemic has arrived at a global unprecedented scale. Though fiscal support and regulatory flexibility for bringing liquidity has been announced by the Government, a more protracted slowdown may present new risks to the financial system. The conflicting forces of globalisation and nationalism are making corporates rethink on their risk priorities and are forcing them to be dealt with where the world is no longer looking flat.

Your Company has a Risk Management Policy to review and mitigate environmental, operational, regulatory and business risks. The Management team identifies, measures, monitors and minimizes these risks to ensure safe, sound and efficient operations. These are internally supervised and monitored by its Core Team Members (CTM).

Our business functions are the primary source of risk identification. The CTM collaborates with various departments of the organization to identify and mitigate these risks. The Company has implemented detailed Standard Operating Procedures (SOPs) for all its significant functions. Your Company's robust control systems and strong quality assurance function will assist in mitigating the regulatory risks. The Company has strong monitoring systems, access restrictions, firewalls and backups, which helps to overcome the risks of patent infringement and data privacy. Impact of pricing pressure is reduced by exploring areas to improve operational efficiencies to rationalize costs. Since Unichem is fully into international business it continuously evaluates political and economic scenario across the globe in terms of its business operations, expansions, and capital investments.

## OUTLOOK

While the global economic growth is projected to contract sharply on account of pandemic and cause demand compression, it is expected that spending on healthcare is going to increase. Post the pandemic, healthcare globally is on the cusp of significant transformation with 'Health for All' being the mantra for all stakeholders including policymakers and regulators with enhanced use of technology in delivering care. It is expected that public health budgets will be announced by several countries leading to higher investments in healthcare as it will attain a priority status.

While US and Europe witnessed a larger impact of the COVID crisis, experts feel that there will be a robust export demand for Indian Pharma. The global generics market is expected to reach US\$ 174.9 billion by 2025, the rise in demand for low-cost generic specialty drugs is a major factor estimated to accelerate the market growth during the forecasted period. The rise in number of off-patent specialty drugs is another major factor expected to support growth of the specialty generics drug market.

The Company's strategic investments in Research and Development has resulted in number of regulatory filings across various therapeutic areas. Unichem's significant emphasis on modernization and expansion of capacities is uniquely placed to capture and well geared to participate in the above growth opportunities. This is further strengthened by the Company's facilities being accredited by regulatory authorities across the globe.

## HUMAN RESOURCES (HR)

Integrity, Collaboration and Execution Excellence (ICE) – armed with these values in the organization's DNA, Unichem is heading to attain greater heights in the industry. Unichem strongly believes that our employees are the biggest driving force behind this and are the bedrock of our success. It is the collective efforts of our employees that power us through new opportunities and challenges alike. We are committed to

create avenues of development that enhance the efficiency and build capabilities of our employees. Unichem has a talented HR pool of 2,885 employees who are dedicated to ICE values along with the principles of Quality and Reliability.

To appreciate and reward the remarkable contributions made by our employees and promote living of the organizational values - ICE, the Unichem Stars Programme was launched in the year 2018-2019. The programme has successfully completed its first cycle and is currently in the final leg of the second cycle. The winners of the first Chairman's Club Awards were rewarded in a grand event held at Mumbai in June 2019. The meritorious contributions of over 700 employees were recognised since last year. The program has immensely improved the visibility of employee contributions and boosted the appreciative culture within the organisation.

We continue to focus on powering HR initiatives using technology and achieve the milestones set for Unichem's digital and technological transformation. The SAP-SuccessFactors Learning Management System is being implemented across sites, thereby bringing in an advanced mode of training delivery and management while reducing manual intervention. The transformational journey we have embarked on, is set to take a new turn with our transition to a cloud based HRMS platform in the coming year. The online performance management tool – PEDS continues to benefit in maintaining the ethos of transparency in evaluating the performance of the employees.

The initiatives taken in the past to build the capability of Unichemites, through a blend of experiential learning and focused interventions are now reaping its benefits. Development programs like UDAAN – in association with IMT Ghaziabad and LEAP – in association with SIBM have successfully completed. The skills acquired by the participants have enabled them to enhance their performance and contribute effectively in their current roles.

The Company continues to have cordial relations with its union.

Several initiatives, aimed at both development and entertainment, were organized across locations to keep employees engaged and motivated.

## INTERNAL CONTROL SYSTEMS

Your Company has an adequate internal control system commensurate with the nature and size of its business operations. These systems provides reasonable assurance that (i) the transactions are authorized, recorded and reported diligently, (ii) the internal policies and procedures are adhered to, (iii) it safeguards the resources and assets of the Company, (iv) it maintains accuracy and completeness of accounting records, and (v) it mitigates operational and business risks.

## Management Discussion and Analysis

Your Company views internal audit as a vital part of its management control system that keeps management informed about the working and processes of the organisation. The internal audit function independently tests the design, adequacy and operating effectiveness of the internal control systems and this provides a credible assurance to the Audit Committee regarding its adequacy and effectiveness.

The Audit plan is made at the beginning of the year after it is duly approved by the Audit Committee. The internal audit plan and its reports are shared with the statutory auditors. These plans are executed by the internal audit team with the

support of external audit professionals wherever required. The management duly considers and takes appropriate actions on the recommendations made by the audit committee, statutory auditors, cost auditors and the internal auditors.

For and on behalf of the Board of Directors,

**Dr. Prakash A. Mody**

Chairman & Managing Director

(DIN.: 00001285)

Mumbai

June 19, 2020



# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L99999MH1962PLC012451
2. Name of the Company: Unichem Laboratories Limited
3. Registered address: Unichem Bhavan, Prabhat Estate, Off S.V.Road, Jogeshwari (West), Mumbai 400 102
4. Website: [www.unichemlabs.com](http://www.unichemlabs.com)
5. E-mail id.: [shares@unichemlabs.com](mailto:shares@unichemlabs.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):  
The Company is engaged in business of pharmaceuticals under Group 210 and Class 2100 as per the National Industrial Classification 2008 (NIC) by the Central Statistical Organisation, Ministry of Statistics and Programme Implementation.
8. List three key products/services that the Company manufactures/provides (as in balance sheet):  
The three key products are Generics (including branded generics), Active Pharmaceutical Ingredients and Contract Manufacturing.
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 six wholly owned subsidiaries located in USA, UK, Ireland, Brazil, South Africa and China.
  - (b) Number of National Locations:  
The Company has six plants situated at Roha, Maharashtra; Pilerne, Goa; Baddi, Himachal Pradesh; Pithampur, Madhya Pradesh; Ghaziabad, Uttar Pradesh; Kolhapur, Maharashtra. The R&D Centre called the Center of Excellence (COE) is located at Pilerne, Goa. The Company's Registered Office is located at Mumbai, Maharashtra. Details are available on the inside cover page of the Annual Report for 2019-2020.
10. Markets served by the Company – Local/State/National/International:  
The Company is into international business. Unichem exported to eighty countries across the globe during the financial year 2019-2020.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): 1,408.12 Lakhs
2. Total Turnover (INR): 90,488.53 Lakhs (Revenue from operations as per Standalone Financial Statements)
3. Total profit/(loss) after taxes (INR): (5,631.62) Lakhs (Loss after taxes as per Standalone Financial Statements)
4. What was the Company's spending on CSR activities for the year under review?  
The Company's total spending on CSR activities for the year ended March 31, 2020 was ₹ 202.98 Lakhs which is 4.22% of the average profits, for the last three financial years.
5. List of activities in which expenditure in 4 above has been incurred:
  - (a) Education
  - (b) Health and Sanitation
  - (c) Environment Protection
  - (d) Women Empowerment
  - (e) General Welfare and Development

## SECTION C: OTHER DETAILS

- Does the Company have any subsidiary company/ companies?  
As on March 31, 2020, the Company has six Wholly Owned Subsidiaries (WOS) based outside India.
- Do the subsidiary company/companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).  
The Company encourages its WOS adhere to business principles consistent with those of the Company. The WOS are incorporated outside India and comply with the requirements of the respective countries where they operate.
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]  
The Company encourages its other stakeholders i.e. suppliers, distributors, customers etc., in the value chain to participate in its business responsibility initiatives. The Company expects that all third party business partners adhere to business principles consistent with those of the Company, however it does not track the actual participation and therefore for reporting purposes the percentage of such entities who participate in BR initiatives cannot be quantified.

## SECTION D: BR INFORMATION

- Details of the BR head and the Director responsible for implementation of the BR Policy/policies:

Sr. No	Particulars	Details
1	DIN	00001285
2	Name	Dr. Prakash A. Mody
3	Designation	Chairman & Managing Director
4	Telephone number	(022) 6688 8404
5	E-mail id	<a href="mailto:shares@unichemlabs.com">shares@unichemlabs.com</a>

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

- Details of compliance (Reply in Y/N)

Sr. No.	Questions	Business Ethics	Product Responsibility	Well Being of Employees	Share holders Engagement	Human Rights	Environment	Public	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for?	Y	Y	Y	Y	Y (See Note 1)	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	See Note 2	See Note 2	See Note 2	See Note 2	See Note 2	See Note 2	-	See Note 2	See Note 2
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Y (Signed by MD)	Y (Signed by MD)	Y (Signed by MD)	Y (Signed by MD)	Y (Signed by HR Head)	Y (Signed by MD)	-	Y (Signed by MD)	Y (Signed by MD)
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
6	Indicate the link for the policy to be viewed online?	See Note 3	See Note 3	See Note 3	See Note 3	Available on the intranet of the Company	See Note 3	-	See Note 3	See Note 3

Sr. No.	Questions	Business Ethics	Product Responsibility	Well Being of Employees	Share holders Engagement	Human Rights	Environment	Public	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	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 policy/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?	N	N	N	N	N	N	-	N	N

Note 1: The Policy is broadly covered in various HR Polices and Practices and also the Company's Code of Business Conduct and Ethics.

Note 2: All the polices of the Company abide by the laws of the Country.

Note 3: The link for viewing the policies are: <https://www.unichemlabs.com/business-responsibility-policies.php>; <https://www.unichemlabs.com/corporate-social-responsibility.php>; <https://www.unichemlabs.com/code-of-practices-procedures-to-be-followed-for-fair-disclosure.php>.

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

Sr. No.	Questions	P7 (Public Policy)
(1)	The Company has not understood the Principles	-
(2)	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-
(3)	The Company does not have financial or manpower resources available for the task	-
(4)	It is planned to be done within next 6 months	-
(5)	It is planned to be done within the next 1 year	-
(6)	Any other reason (please specify)	The Company is a member of various trade bodies, chambers and associations through which it has been advocating from time to time, in a responsible manner, on suggested measures to be taken by the Government to address issues related to the pharmaceutical industry.

3. Governance related to BR:

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6months, Annually, More than 1 year:

The BR performance is evaluated annually.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Business Responsibility Report would be a part of the Annual Report for the financial year 2019-2020 and the link for the same is <https://www.unichemlabs.com/pdf//Business-Responsibility-Report.pdf>.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1 (Business Ethics)

1. Does the Policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company has a Policy on Code of Business Conduct and Ethics and a Whistle Blower Policy which is applicable to the

Directors, employees and all other stake holders. The Company also has in place the policy for Prevention for Sexual Harassment at Workplace which is applicable to all stakeholders. These policies are posted on the website of the Company at [www.unichemlabs.com](http://www.unichemlabs.com) as well as the intranet of the Company. These policies empower Directors, employees and all other stakeholders to report unethical behaviour, sexual harassment, actual or suspected fraud or violation of the Company's policies. These policies provide for swift redressal and institute specific mechanisms to deal with reported incidents.

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?

During the year under review the Company has not received any complaint pertaining to violation of the policy for Prevention of Sexual Harassment at Workplace, the Code of Business Conduct and Ethics or the Whistle Blower Policy.

## Principle 2 (Product Responsibility)

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

Unichem's Research & Development Center of Excellence at Goa constantly strives to inculcate advanced therapies and cutting-edge technologies to enhance health through its quality products. Unichem promotes environmental protection and insists on complying with all applicable environmental regulations. The environmental policy of your Company emphasizes being a caring Company, which shall protect and promote the environment by complying with applicable environmental regulations and preventing pollution in all its operations.

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

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

The Company manufactures and sells generic formulations and active pharmaceutical ingredients at its world class accredited manufacturing plants. Since consumption per unit depends on the product mix, there are no specific standards to ascertain reduction achieved at product level. The Company continues to adopt energy conservation initiatives and constantly strive to provide quality products, while taking concerted efforts to minimize the impact on environment.

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

The Company's products do not have any broad-based impact on energy and water consumption by consumers.

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

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so:

Our supply chain strategy emphasizes sustainable procurement and the Company takes efforts to encourage local sourcing of material. The Company has Standard Operating Procedures (SOPs) for appointing vendors. Materials are sourced from approved vendors both locally and internationally. The Company conducts regular audits for these vendors. The frequency depends on the key materials procured and their value. The audits include sample approvals and performance trials. The Company has developed a long standing business relationship with these vendors. Annual freight contracts for movement of materials are executed with local and national transporters of repute and good credit standing.

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

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

The Company procures materials and avails services from all over the country, with preference to those located around its manufacturing facilities. Small vendors who fit into the standard operating norms of the Company are also appointed to supply materials. The Company saves on transportation as well as inventory carrying costs as a result of procurement of material from the local vendors. As a procurement policy, the Company sources many of its packaging materials from vendors located in areas surrounding the manufacturing plants. The Company encourages all small manufacturers to develop quality manufacturing units in and around the Company's locations.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so:

The Company focusses on reducing waste at source and find ways to maximise recycling. The Company handles and disposes waste in an environmentally responsible way, and in compliance with the applicable regulations. The Company's waste management practice includes regular monitoring, safe disposal and treatment. The Company has in place a mechanism for recycling products and waste. The waste generated in the Company's operations is either recycled or disposed safely. Every manufacturing facility has its own Effluent Treatment Plant (ETP) which ensures that the discharge of waste and solvents is within the limits stipulated by the respective pollution control boards. About 30-40% of the waste water generated in plants is recovered, recycled and reused thereby saving usage of fresh water. Treated water is used for gardening and sanitation.





In addition, the Company has made investments in its API facility to install Zero Liquid discharge plant wherein water will be reused in the utility processes either in cooling towers or steam generation boilers.

### Principle 3 (Well being of Employees )

Your Company is committed to provide an environment that is conducive for continuous development and wellbeing of all its employees. All our policies and practices promote this commitment.

1. Please indicate the total number of employees:

As on March 31, 2020 the Company had 2,885 permanent employees

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

1,041 as on March 31, 2020

3. Please indicate the number of permanent women employees:

311 as on March 31, 2020

4. Please indicate the number of permanent employees with disabilities:

Nil as on March 31, 2020

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

The Company's manufacturing location at Roha has a Union recognized by the management.

6. What percentage of your permanent employees is a member of this recognized employee association?

About 3.77 % of the permanent employees are members of recognized employee association.

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:

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

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

(a) Permanent Employees: Over 90% of operating personnel are trained in safety and skill upgrading. Safety training and skill up-gradation is imparted to employees at the time of joining. Thereafter training on fire fighting, first aid is imparted at scheduled intervals.

(b) Permanent Women Employees: More than 80% of the permanent women employees are trained in safety and no discrimination is being made while imparting training to women employees *vis-à-vis* their male counterparts.

(c) Casual/Temporary/Contractual Employees: Over 80% in operating functions are trained.

(d) Employees with Disabilities- The Company does not have employees with disabilities.

### Principle 4 (Stakeholders Engagement )

1. Has the Company mapped its internal and external stakeholders?

Our stakeholders are persons, groups or entities who are directly impacted by our activities and decisions, and those who can influence our operations. In line with our ethos of conducting business in a transparent and ethical manner, we have established an effective stakeholder communication model. We regularly engage with our stakeholders to identify and assess their needs, which form a critical part of our overall business strategy. The major stakeholder identified by the Company are its employees, business associates, patients, suppliers, vendors, shareholders, investors, regulatory authorities, government organizations intermediaries and communities.

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?

Yes

- 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 through its Corporate Social Responsibility programmes has identified disadvantaged, vulnerable and marginalized stakeholders. These include among others, family and children who cannot afford quality health and education, communities from low socio-economic strata such as Adiwasis, people who do not have financial resources to aid major ailments and self-run business to encourage women empowerment. The Company directly, with the help of NGOs and charitable trusts, engages with such groups to identify their needs and address them to the extent possible.

## Principle 5 (Human Rights)

- Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Our commitment to human and labour rights requires us to provide a safe and healthy workplace for our employees, which offers a non-discriminatory environment, to work actively against the use of child labour, act against any form of harassment, and ensure that we meet the minimum standards on wages and working hours and provide opportunities to employees for individual development. The Company encourages its Wholly Owned Subsidiaries (WOS)/suppliers adhere to this principle consistent with those of the Company. The WOS are incorporated outside India and comply with the requirements of the respective countries where they operate.

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

During the year under review, the Company did not receive any complaint pertaining to human rights.

## Principle 6 (Environment)

- Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?

This Policy covers only the Company. The Company expects its group companies and its stakeholders to adhere to the business principles consistent with those of the Company. The group companies are independent companies located outside India and are guided by their own policies and laws of the countries where they are located.

- 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.?

Conservation of natural resources has always been the priority for the Company. Optimum utilisation of the resources has been the prime motto. The environment policy of the Company is available on the website at [http://unichemlabs.com/wp-content/uploads/2016/12/business\\_responsibility\\_policies.pdf](http://unichemlabs.com/wp-content/uploads/2016/12/business_responsibility_policies.pdf). All efforts are made to recycle water and waste and eliminate over utilisation of resources. The Company implements safe and automated practices in manufacturing and other processes. Systems are regularly updated and conform to various applicable laws and regulations. This results in, continuous and dynamic improvements in quality of working and services.

- Does the Company identify and assess potential environmental risks?

The Company's manufacturing facilities are internationally accredited by regulatory agencies. The Company identifies and assesses the risks internally. Wherever required, assistance is sought from external agencies for formulating environment management plans. These plans are assessed at regular intervals by the management.

- 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 presently have any project related to Clean Development Mechanism.

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

The Company has undertaken energy efficient initiatives at different locations which are provided at Annexure D of the Annual Report 2019-2020 under the heading Conservation of Energy.

- Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, all our manufacturing plants have complied with the permissible limits of air emissions/ waste generation for the financial year under review.

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?

The Uttar Pradesh Pollution Control Board (UPPCB) has issued a show cause notice to the Company's manufacturing facility at Ghaziabad, recommending discharge of hazardous waste in a proper scientific way and to take necessary steps to improve efficiency of its ETP (Effluent Treatment Plant). The Company has filed a discharge application before the Special Court of Judicial Magistrate, Lucknow, (SCJM) seeking dismissal of the complaint filed by UPPCB with a submission that that it has complied with all requirements pertaining to discharge of hazardous waste. The matter is pending before the SCJM.

## Principle 7 (Public Policy)

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:

- (a) Indian Pharmaceutical Association (IPA)
- (b) Indian Drugs Manufacturers' Association (IDMA)
- (c) National Safety council
- (d) Goa Pharmaceuticals Manufacturer's Association
- (e) Goa Chamber of Commerce and Industry
- (f) Ghaziabad Management 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 (drop box: governance and administration, economic reforms, inclusive development policies, energy security, water, food security, sustainable business principles, others)?

The Company has been actively participating in putting forth its views in areas concerning the pharmaceutical industry such as accessibility to medicines, regulatory reforms, making medical treatment easily accessible to the under privileged, economic reforms and Corporate Social Responsibility activities.

## Principle 8 (Corporate Social Responsibility (CSR))

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

The Company believes in the philosophy of giving back. Being in the pharmaceutical industry your Company's primary focus is healthcare. Also your Company focusses on various CSR activities such are education, infrastructure, health and sanitation, protection of environment, women empowerment, general welfare and participating in the development of other areas in which your Company operates. The CSR efforts mainly will be in the areas around the Company's locations. The CSR Policy is available on the website of the Company and the Annual Report on CSR activities, as required under Section 135 of the Companies Act, 2013, is given under Annexure F to the Directors' Report.

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

The CSR programmes are undertaken by the Company directly, through recognized public charitable trusts and projects in partnership with the Government.

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

The impact assessment of the CSR initiatives is regularly done by the Company through its internal monitoring and assessing mechanism. At regular intervals feedback and progress of the CSR projects are obtained from the concerned organizations and agencies.

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

During the year, the Company has spent ₹ 202.98 Lakhs towards community development programmes namely towards health, education, infrastructure, women empowerment, sanitation, environment and general welfare and development.

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.?

Regular visits are undertaken at the CSR sites to ensure that the CSR initiatives are adopted by the communities. Feedback obtained is then used to improve the projects undertaken. Details of these CSR activities being adopted by the communities is given as Annexure F of the Annual Report.

## Principle 9 (Customer Relations)

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

The Company has established a Corporate Quality Assurance (CQA) system, which has developed standard operating procedures (SOPs) for responding to customer complaints on product quality. We ensure that we acknowledge, investigate thoroughly and respond to all such complaints as per these SOPs. The aim is to ensure that there is no repetition of such a complaint.

As on March 31, 2020, about 1.26% of the customer complaints received during the year were pending at the end of the financial year and the same is under process.

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)?

The Company adheres to all packaging, labelling standards, regulations and guidelines of its products as per local laws of the particular country wherever applicable.

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.

Apart from the below mentioned, there is no significant case filed or pending against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour.

On 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of Euro 13.96 million, jointly and severally on the Company and its subsidiary Niche Generics Ltd ("Niche") contending that they had acted in breach of EU competition law as Niche Generics Ltd had, in early 2005 (when the Company was only a part owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company and Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated December 12, 2018 and confirmed the fine of Euro 13.96 million. The Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the EU and outcome of the appeals are awaited. Based on above, fine imposed by the EU of Euro 13.96 million (equivalent to ₹ 11,614.72 Lakhs) is disclosed under contingent liability.

For and on behalf of the Board of Directors,

Mumbai  
June 19, 2020

**Dr. Prakash A. Mody**  
Chairman & Managing Director  
(DIN.: 00001285)



# Annexure A to Directors' Report

## 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/associate companies/joint ventures

### Part "A" : Subsidiaries

(₹ in Lakhs)

1	Name of the Subsidiary	Unichem Farmaceutica Do Brasil Ltda.	Unichem Laboratories Limited, Ireland	Unichem Pharmaceuticals (USA) Inc.	Niche Generics Limited	Unichem S.A (Proprietary) Limited	Unichem (China) Pvt. Ltd.
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 2019 to March 2020	April 2019 to March 2020	April 2019 to March 2020	April 2019 to March 2020	April 2019 to March 2020	27 <sup>th</sup> June 2019 to 31 <sup>st</sup> March 2020
3	Reporting currency	BRL	EURO	USD	GBP	SAR	RMB
4	Exchange rate as on the last date of the relevant financial Year in the case of foreign subsidiaries	1 BRL = ₹14.39	1 EURO = ₹ 82.90	1 USD = ₹ 75.32	1 GBP = ₹ 92.93	1 SAR = ₹ 4.09	1 RMB = ₹ 10.50
5	Share Capital	4,336.24	1,409.30	4,878.44	5,227.31	7.77	148.77
6	Reserves & surplus	(5,070.33)	(2,276.69)	2,862.72	(4,855.45)	69.46	(88.02)
7	Total Assets	1,471.98	30.09	40,828.07	5,933.76	287.99	61.94
8	Total Liabilities	2,206.08	897.48	33,086.91	5,561.90	210.76	1.19
9	Investments	-	-	-	-	-	-
10	Turnover	1,868.44	267.49	73,121.45	7,417.15	1,188.89	-
11	Profit/ (Loss) before Taxation	(923.07)	(485.18)	2,098.25	(323.23)	102.72	(83.91)
12	Provision for Taxation	-	-	544.65	-	28.76	-
13	Profit/ (Loss) after Taxation	(923.07)	(485.18)	1,553.60	(323.23)	73.95	(83.91)
14	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil
15	% of share holding	100	100	100	100	100	100

#### Notes:

- Name of Subsidiaries which are yet to commence operations : None
- Names of Subsidiaries which have been liquidated or sold during the year: None
- The amounts given in the table above are from the annual accounts made for the respective financial year end for each of the companies.
- The Indian rupee equivalents of the figures in serial no. 6 to 9 are given based on the exchange rates as on 31st March, 2020 and the Indian rupee equivalents of the figures in serial no. 11 to 14 are given based on the yearly average exchange rates.
- Turnover figures do not include Other Income. Profit/(Loss) figures do not include Other Comprehensive Income
- Unichem (China) Pvt. Ltd. has been incorporated w.e.f. 27th June, 2019.

### Part "B": Associates and Joint Ventures

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

1	Name of the Associate Company	Synchron Research Services Private Limited
2	Latest audited Balance Sheet Date	31st March, 2019
3	Shares of Associate held by the company on the year end: No. of shares Amount of investment in Associate Extend of Holding %	2,08,333 ₹ 569.31 Lakhs 32.11%
4	Description of how there is significant influence	Percentage of holding of share capital
5	Reason why the associate is not consolidated	Not Applicable
6	Net worth attributable to Shareholding as per latest audited Balance Sheet	₹ 123.72 Lakhs
7	Profit/Loss for the year: i. Considered in Consolidation (as per unaudited financial statements for FY 2019-20) ii. Not considered in Consolidation	₹ 81.27 Lakhs NA

#### Notes:

- Name of Associates which are yet to commence operations : None
- Names of Associates which have been liquidated or sold during the year: None

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 19<sup>th</sup> June, 2020

**Sandip Ghume**  
Deputy Chief  
Financial Officer

**Pradeep Bhandari**  
Head - Legal &  
Company Secretary

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director  
DIN.: 00001285

**Dilip Kunkolienkar**  
Director - Technical  
DIN.: 02666678  
Goa

# Annexure B to Directors' Report

AOC - 2

Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014.

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.

## 1. Details of contract or arrangement or transaction not on arm's length basis:

Name of Related Party and nature of relationship	Synchron Research Services Private Limited (Synchron), an Associate Company of the Company
Nature of contract/arrangement /transaction	Leasing of Company's premises located at Rituraj, Moje Bodakdev, Taluka - Ahmedabad to Synchron.
Duration of the contract/arrangement/transaction	February 1, 2019 to January 31, 2021
Salient terms of the contract or arrangement or transaction including the value, if any	Rent of ₹ 3.66 Lakhs per month for the period from February 1, 2019 to January 31, 2020 and ₹ 3.84 Lakhs per month from February 1, 2020 to January 31, 2021, with a security deposit of ₹ 7.50 Lakhs.
Justification of entering into such contract or arrangement or transaction	Synchron is a leading contract research organization in India which offers competitive and high-quality clinical trial services to domestic and international pharmaceutical and bio-pharmaceutical companies. Your Company avails such services from Synchron from time to time.  This Related Party Transaction is on arms length basis but is not in the ordinary course of business.
Date of approval by the Board	February 1, 2019
Amount paid as advances, if any	Nil
Date on which the Ordinary Resolution was passed	Not Applicable

## 2. Details of material contract or arrangement or transaction on arm's length basis:

The details of material contract or arrangement or transaction on arm's length basis for the year ended March 31, 2020 are as follows:

Name of Related Party	Unichem Pharmaceuticals (USA) Inc, a Wholly Owned Subsidiary (WOS) of the Company.
Nature of contract/ arrangement /transaction	Sale of finished goods
Duration of the contract/ arrangement /transaction	Ongoing
Salient terms of the contract or arrangement or transaction including the value, if any	Sale of finished goods to the said WOS during the financial year 2019-2020 amounted to ₹ 49,391.06 Lakhs. These transactions were on arm's length basis and in the ordinary course of business.
Date of approval by the Board	Not Applicable (Exempt under Section 188 (1) of the Companies Act, 2013 and the rules made thereunder)
Amount paid as advances, if any	Nil

For and on behalf of the Board of Directors,

Mumbai  
June 19, 2020

**Dr. Prakash A. Mody**  
Chairman & Managing Director  
(DIN.: 00001285)

# Annexure C to Directors' Report

## Form No. MR 3

Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,

The Members,

**Unichem Laboratories Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Unichem Laboratories Limited (CIN: L99999MH1962PLC012451) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms, 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 March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
  - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable to the Company;
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 - Not applicable to the Company;
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2016 - Not applicable to the Company;
  - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not applicable to the Company;
  - (j) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 - Not applicable to the Company.
- (vi) Based on the representation made by the management of the Company, the following laws are specifically applicable to the Company:
  - (1) Drugs and Cosmetics Act, 1940 and related Rules
  - (2) Drugs Pricing Control Order, 2013
  - (3) The Pharmacy Act, 1948
  - (4) Trademarks Act, 1999
  - (5) Indian Copyright Act, 1957
  - (6) The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954
  - (7) The Narcotic Drugs and Psychotropic Substances Act, 1985 and
  - (8) Food Safety and Standards Act, 2006
  - (9) Research and Development Cess Act, 1986
  - (10) Legal Metrology Act, 2009

The Company has complied with the abovementioned specific applicable laws, rules, regulations, guidelines and other applicable general laws, rules, regulations and guidelines.

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

- (i) Secretarial Standards with regard to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and
- (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. as mentioned above and there are no non-compliances that have come to our knowledge.

**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. No changes in the composition of the Board of Directors took place during the period under review.

Adequate notice is given to all Directors to schedule Board Meetings. Agenda and detailed notes on agenda were sent atleast 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 a meaningful participation at the Meeting.

The Minutes of the Board Meetings have not identified any dissent by Members of the Board hence we have no reason to believe that the decisions by the Board were not approved by all the Directors present.

We further report that based on review of compliance mechanism established by the Company and on the basis of the compliance certificates issued by the Company Secretary and the various functional heads and taken on record by the Board of Directors at their Meeting(s), we are of the opinion that the Company has adequate systems and processes commensurate with its size of operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

We further report that during the audit period the following event/action has taken/continues to take place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

1. The Company has incorporated a Wholly Owned Subsidiary (WOS) in China on June 27, 2019 under the name "Younikaimo Pharmaceutical (Shanghai) Pvt. Ltd." [Unichem (China) Pvt. Ltd.].
2. On 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of Euro 13.96 million, jointly and severally on the Company and its subsidiary Niche Generics Ltd ("Niche") contending that they had acted in breach of EU competition law as Niche Generics Ltd had, in early 2005 (when the Company was only a part owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company and Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated December 12, 2018 and confirmed the fine of Euro 13.96 million. The Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the EU and outcome of the appeals are awaited. Considering the above, in view of the management, no provision for the aforesaid fine is considered necessary. Based on above, fine imposed by the EU of Euro 13.96 million (equivalent to ₹ 11, 614.72 Lakhs) is disclosed under contingent liability.

For **ALWYN JAY & CO.,**  
Company Secretaries

**Jay D'Souza**  
F3058

Certificate of Practice No.: 6915  
UDIN.: F003058B000356543

Mumbai  
June 19, 2020



# Annexure D to Directors' Report

## a. Conservation of Energy

### (i) Steps and impact:

- Replacement of conventional lights with Light Emitting Diode (LED) lights.
- Maintaining the power factor near to unity to avail rebate on electricity bills.
- Arrested leakages in utility lines like steam, water and compressed air.
- Sensors installed for storage tanks to prevent overflow of generated water.
- External chemical cleaning of chilled and hot water coils for better heat transfer thus avoiding heat losses.
- Steam condensate recovery optimization done at manufacturing locations.
- Reverse Osmosis (RO) reject water used in washrooms for sanitation and gardening.
- Effluent Treatment Plant (ETP) treated water used for curing of new construction and garden area.
- Installation of temperature controller on cooling tower, resulting into reduction in operating hours of fan motor.
- Installed motion sensors for air curtains.
- Variable Frequency Drive (VFD) installed on cooling tower fan motors to ramp up and down the motor speed as per condenser cooling water temperature.
- Commissioning of N2 generator resulted in saving on purchased N2 gas cylinders, required for flushing in manufacturing.

### (ii) Steps taken by the Company for utilizing alternate sources of energy:

- Furnace oil in place of highspeed diesel - Continuous operation of furnace oil fired boiler and running High Efficiency Small Package Boiler (HSD Baby Boilers) seldomly, resulted in savings in cost of high-speed diesel at Goa plant.
- Power Purchased from Goa electricity department in place of power generated using diesel generators - New 33 KV Express Feeder line was laid for providing direct power Supply from Saligao substation to Goa Plant resulting in improvement of purchased power versus power generated by diesel generators ratio. This has resulted in savings.
- High viscosity furnace oil in place of furnace oil resulted in savings at Baddi.

### (iii) Capital investment on energy conservation equipment: ₹ 288.06 Lakhs

## RESEARCH AND DEVELOPMENT

## b. Technology Absorption

### (i) Efforts towards technology absorption:

The technologies developed by the Research and Development (R&D) department of the Company have been commercialized and adopted by the Company's manufacturing facilities subject to permissions and approvals from the concerned regulatory authorities. At its State-of-the-Art R&D facility at the Centre of Excellence, Goa, the Company has especially invested in prototype plant equipments in its Kilo Lab and Formulation Development Lab where plant simulation experiments are carried out. This helps to anticipate and address scale up issues that the laboratory developed process may face in the plant during technology transfer exercise. In addition, Quality by Design (QbD) trials are performed in these laboratories to define the design space within which the process can be safely scaled up and operated in the plants. The R&D efforts streamlined by effective project management coupled with dedicated Pilot Plant facilities across Active Pharmaceutical Ingredients (APIs) and formulation plants have seen ramping up of the output from R&D resulting in increased number of Drug Master File (DMF), Dossier and Abbreviated New Drug Applications (ANDAs) filings in regulated markets.

### (ii) Benefits derived:

- Launching of new products at the right time in international markets in various therapeutic segments.
- Approval of first ANDA under Para IV certification by the USFDA.
- Successful filing of "First To File ANDA" with Paragraph IV certification, on New Chemicals Entities (NCE)-1 date.
- Products developed for the international market will result in increased business to the Company.
- Reduction in the number of regulatory queries leading to speedy approvals.
- R&D in biotechnology has resulted in consistent and cost-effective processes.
- Leveraging recombinant enzyme technology to carry out some of the chemical transformations like stereo specific reduction, stereo specific reductive amination leading to substantial raw material cost savings and greener technologies.
- Filing of patent applications.
- Established complex generics development facility for development and filing of high value niche products.
- Bio study success rate improved substantially with the help of in-house technical expertise and in-vivo-in-vitro correlation tools.

### (iii) Information regarding imported technology (imported during the last three years reckoned from the beginning of the financial year):

The Company has not imported any technology.

### (iv) Expenditure incurred on Research and Development:

The Company has incurred a total expenditure of ₹17,225.32 Lakhs (includes capital and recurring expenses) towards Research and Development.

## c. Foreign Exchange Earnings and Outgo:

The details of foreign exchange earnings and outgo in equivalent rupees is as under:

Earnings in foreign currency: ₹ 82,587.98 Lakhs

Outgo (including imports) in foreign currency: ₹ 17,689.80 Lakhs

For and on behalf of the Board of Directors,

**Dr. Prakash A. Mody**  
Chairman & Managing Director  
(DIN.: 00001285)

Mumbai  
June 19, 2020

# Annexure E to Directors' Report

Particulars under Section 197 (12) of the Companies Act, 2013 and Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-2020:

Name of the Director	Ratio
Dr. Prakash A. Mody (Chairman & Managing Director)	144:1
Mr. Dilip Kunkolienkar (Director Technical)	46:1

The non-executive Independent 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 Independent Directors, are as per the Company's remuneration policy and are different. Further, the amount of sitting fees received by a Non-Executive Independent Director depends on (a) amount of sitting fee fixed by the Board for Meetings of the Board and its Committee, and (b) number of Meetings of the Board and Committee(s) attended by the Director. Therefore, the information as to ratio of sitting fees paid to the median remuneration of employees and percentage increase in remuneration of Non-Executive Independent Directors is not relevant and meaningful and hence their ratios are not provided.

- (ii) The percentage increase / decrease in the remuneration of each Director, Chief Financial Officer and Company Secretary or Manager during the financial year 2019-2020:

Name	% increase/ (decrease)
Dr. Prakash A. Mody (Chairman & Managing Director)	30.63 %
Mr. Dilip Kunkolienkar (Director Technical)	18.80 %
Mr. Sandip Ghume (Deputy Chief Financial Officer)	35.00 %
* Ms. Neema Thakore (Head - Legal & Company Secretary)	Not Applicable
** Mr. Pradeep Bhandari (Head - Legal & Company Secretary)	Not Applicable

\*Superannuated on July 31, 2019; \*\* Appointed w.e.f. August 1, 2019, hence comparable figures are not provided.

- (iii) The percentage increase in the median remuneration of employees during the financial year 2019-2020 : 8.39%

- (iv) The number of permanent employees on the rolls of the Company:

There were 2,885 permanent employees on the rolls as on March 31, 2020.

- (v) Average percentage increase already made in the salaries of employees other than the 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:

Average increase in remuneration of managerial personnel is 25.71% and increase for employees other than Managerial Personnel is 12.26%.

- (vi) Affirmation that the remuneration is as per the Remuneration Policy of the Company:

Yes

For and on behalf of the Board of Directors,

Mumbai  
June 19, 2020

**Dr. Prakash A. Mody**  
Chairman & Managing Director  
(DIN.: 00001285)

# Annexure F to Directors' Report

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2019-2020

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

Your Company believes in the philosophy of giving back. Our CSR programmes is initiated with a mission of creating a change in the life of the underprivileged communities particularly in the areas around the Company's locations. Being in the pharmaceutical industry your Company's primary focus is healthcare. Also your Company focusses on various CSR activities such as education, infrastructure, sanitation, protection of environment, women empowerment, general welfare and participating in the development of other areas in which your Company operates. Web link of the CSR policy of the Company is as under:

<https://unichemlabs.com/policies-code-of-conduct/corporate-social-responsibility/>

**2. Composition of the CSR Committee:**

- (a) Dr. Prakash A. Mody (Chairman)
- (b) Mr. Prafull Anubhai
- (c) Dr. (Mrs.) B. Kinnera Murthy

**3. Average net profit of the Company for the last three financial years:**

₹ 4,808.05 Lakhs

**4. Prescribed CSR expenditure (two percent of the amount as in item 3 above):**

₹ 96.16 Lakhs

**5. Details of amount spent on CSR activities during the financial year 2019-2020:**

- (a) Total amount to be spent for the financial year: ₹ 96.16 Lakhs
- (b) Total amount spent for the financial year: ₹ 202.98 Lakhs
- (c) Amount unspent, if any: ₹ Nil

**6. Manner in which the amount was spent during the financial year is detailed below**

(₹ in Lakhs)

Sr.No.	CSR Project/Activities (Identified)	Sectors	Locations / Districts	Amount Outlay (Budget)	Amount spent on the projects or programmes	Cumulative expenditure upto reporting period	Amount spent: Direct or through implementing agencies
1	*Renovation of Bestora Panchayat Government Balwadi School	Education	Goa	20.00	20.00	20.00	20.00
2	**Construction of school building for the local community needy children	Education	Goa	25.00	25.00	25.00	25.00
3	**Vocational aid for differently abled students	Education	Goa	1.80	1.80	1.80	1.80
4	**Construction of Amrut Mody School of Mass Communication and Journalism	Education	Nadiad, Gujarat	4.70	4.70	4.70	4.70
5	**Scholarship to financially aid students pursuing courses in pharma	Education	Pan India	14.75	14.75	14.75	14.75
6	**Aid to children from underprivileged communities through Project Mukhtangan	Education	Mumbai, Maharashtra	15.00	15.00	15.00	15.00
7	*Distribution of cycles to schoolgirls	Education	Raigad District, Maharashtra	23.96	23.96	23.96	23.96
8	*Renovation of school building, computer and science laboratories of the village school	Education	Harihareshwar, Maharashtra	10.00	10.00	10.00	10.00
9	**Awareness and enhancement of culture and heritage in Maharashtra	Education	Raigad District, Maharashtra	15.34	15.34	15.34	15.34
10	*Renovation of government hospital	Health & Sanitation	Pithampur, Madhya Pradesh	18.03	18.03	18.03	18.03

(₹ in Lakhs)

Sr.No.	CSR Project/Activities (Identified)	Sectors	Locations / Districts	Amount Outlay (Budget)	Amount spent on the projects or programmes	Cumulative expenditure upto reporting period	Amount spent: Direct or through implementing agencies
11	*Construction of pond for solving water problem and drinking water needs of locals	Health & Sanitation	Ghaziabad, Uttar Pradesh	10.45	10.45	10.45	10.45
12	*Construction and maintenance of toilets	Health & Sanitation	Ghaziabad, Uttar Pradesh Baddi, Himachal Pradesh Kolhapur, Maharashtra	5.35	5.35	5.35	5.35
13	*Medical camp for the visually challenged girls at Dr. Kamla Mehta Blind School	Health & Sanitation	Mumbai, Maharashtra	0.85	0.85	0.85	0.85
14	**Educational and medical aid to local adiwasis	Health & Education	Raigad District, Maharashtra	15.00	15.00	15.00	15.00
15	**Shelter to children who are lost or abandoned	Health & Education	Raigad District, Maharashtra Mumbai, Maharashtra	10.00	10.00	10.00	10.00
16	*Maintenance of traffic signals	Environment Protection	Goa	2.13	2.13	2.13	2.13
17	*Cleanliness drive and environment protection campaign	Environment Protection	Goa	0.60	0.60	0.60	0.60
18	**Self-help groups for employment to women through Vibrant Goa Foundation	Women Empowerment	Goa	10.02	10.02	10.02	10.02
			Total	202.98	202.98	202.98	202.98

\* Directly Spent

\*\* Implementing Agencies: Goa Development and Welfare Public Charitable Trust, Sanjay Center for Special Education, Sardar Vallabhbhai Samaj Seva Trust, Indian Pharmaceutical Association (IPA), Rotary Club of Mumbai, Adiwasi Unnati Mandal (AUM), Children of the World Trust Bombay, SOS Villages of India and Vibrant Goa Foundation.

**7. In case the Company has failed to spend the two percent of the average net profit of the latest three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Directors' Report:**

The Company has been engaged in CSR activities since many years. During the year under review, the total amount to be spent was ₹ 96.16 Lakhs. The Company spent ₹ 202.98 Lakhs on CSR which is 4.22 % of the average profits, for the last three financial years. There was no amount unspent during the year.

**8. Responsibility statement on behalf of the CSR Committee that the implementation and monitoring of the CSR policy is in compliance with CSR objectives and policy of the Company:**

The Responsibility Statement of the CSR Committee of the Board of Directors of the Company is reproduced below:

"Unichem's CSR projects/programs are entrenched in the way we do business and are guided by our corporate mission, values and aspirations. The implementation and monitoring of the CSR projects is in compliance with the provisions of Section 135 of the Companies Act, 2013."

For and on behalf of the Board of Directors,

Mumbai  
June 19, 2020

**Dr. Prakash A. Mody**  
Chairman & Managing Director  
(DIN.: 00001285)

# Annexure G to Directors' Report

FORM NO. MGT 9 - Extract of Annual Return as on financial year ended on March 31, 2020

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

## I Registration and other details:

i	CIN	L99999MH1962PLC012451
ii	Registration Date	August 22, 1962
iii	Name of the Company	Unichem Laboratories Limited
iv	Category/Sub-category of the Company	Public Company, having share capital
v	Address of the Registered Office and contact details	Unichem Bhavan, Prabhat Estate, Off S.V. Road Jogeshwari (West), Mumbai - 400 102 E-mail Id.: <a href="mailto:shares@unichemlabs.com">shares@unichemlabs.com</a> Website: <a href="http://www.unichemlabs.com">www.unichemlabs.com</a> Tel.: (022) 6688 8333 • Fax.: (022) 2678 4391
vi	Whether listed company	Yes
vii	Name, address and contact details of the Registrar and Transfer Agent, if any.	Link Intime Private Limited C 101, 247 Park, L B S Marg Vikhroli (West), Mumbai - 400 083 E-mail ID.: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> Tel.: (022) 4918 6000 • Fax.: (022) 4918 6060

## II Principal Business Activities of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1	Pharmaceuticals	21001 and 21002	100

## III Particulars of Holding, Subsidiary and Associate Companies:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Niche Generics Limited, UK The Cam Center, Wilbury Way Hitchin, Hertfordshire SG4 OTW, England	Not Applicable	Subsidiary	100	2(87)
2	Unichem Farmaceutica Do Brasil Ltda., Brazil Avenida Sete De Setembro 1564, Centro Vila Dirce Diadema, CEP -09912-010 São Paulo - Brazil	Not Applicable	Subsidiary	100	2(87)
3	Unichem Laboratories Limited, Ireland Studio 8b, Ard Gaoithe Commercial Centre Ard Gaoithe Business Park Cashel Road, Clonmel, County Tipperary, Ireland	Not Applicable	Subsidiary	100	2(87)
4	Unichem Pharmaceuticals (USA) Inc., USA One Tower Centre Blvd, Suite 2200 East Brunswick, NJ 08816, USA	Not Applicable	Subsidiary	100	2(87)
5	Unichem SA (Pty) Limited, South Africa Adrina Building, 1st Floor, 32 Kilinkenber Street Van Der Hoff Park, Potchefstroom, 2531	Not Applicable	Subsidiary	100	2(87)
6	Unichem (China) Private Limited, China Suite 1130, Central Tower B, No. 567, Langao Road Putuo District, Shanghai, 200 060, China	Not Applicable	Subsidiary	100	2(87)
7	Synchron Research Services Private Limited Synchron House, B/H. Mondeal Park Near Gurudwara, S.G. Highway, Ahmedabad	U85110GJ1998PTC034181	Associate	32.11	2(6)



**IV Shareholding Pattern (equity share capital breakup as percentage of total equity):****(I) Category wise shareholders:**

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2019)				No. of Shares held at the end of the year (March 31, 2020)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	3,56,42,664	-	3,56,42,664	50.64	3,56,78,971	-	3,56,78,971	50.68	0.04
b) Trusts	-	-	-	-	47,385	-	47,385	0.06	0.06
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Bodies Corp.	-	-	-	-	-	-	-	-	-
f) Banks / FI	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (1)</b>	<b>3,56,42,664</b>	<b>-</b>	<b>3,56,42,664</b>	<b>50.64</b>	<b>3,57,26,356</b>	<b>-</b>	<b>3,57,26,356</b>	<b>50.74</b>	<b>0.10</b>
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A)=(A)(1)+(A)(2)</b>	<b>3,56,42,664</b>	<b>-</b>	<b>3,56,42,664</b>	<b>50.64</b>	<b>3,57,26,356</b>	<b>-</b>	<b>3,57,26,356</b>	<b>50.74</b>	<b>0.10</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	38,87,762	-	38,87,762	5.52	62,07,160	-	62,07,160	8.82	3.30
b) Banks / FIs	89,175	500	89,675	0.13	1,23,416	500	1,23,916	0.18	0.05
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Alternate Investment Funds	8,14,806	-	8,14,806	1.16	-	-	-	-	(1.16)
f) Insurance Companies	3,26,789	-	3,26,789	0.47	3,26,789	-	3,26,789	0.47	-
g) FIs/FPIs	15,00,258	500	15,00,758	2.13	12,39,826	500	12,40,326	1.75	(0.38)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
- Foreign Mutual Fund	-	-	-	-	-	-	-	-	-
- Foreign Bank	500	-	500	0.00	500	-	500	0.00	-
<b>Sub-total (B)(1)</b>	<b>66,19,290</b>	<b>1,000</b>	<b>66,20,290</b>	<b>9.41</b>	<b>78,97,691</b>	<b>1,000</b>	<b>78,98,691</b>	<b>11.22</b>	<b>1.81</b>
<b>2. Central Government/State Government(s)/President of India</b>									
Central/State Government(s)	5,00,741	-	5,00,741	0.71	5,30,738	-	5,30,738	0.75	0.04
<b>Sub-total (B)(2)</b>	<b>5,00,741</b>	<b>-</b>	<b>5,00,741</b>	<b>0.71</b>	<b>5,30,738</b>	<b>-</b>	<b>5,30,738</b>	<b>0.75</b>	<b>0.04</b>
<b>3. Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	40,16,822	80	40,16,902	5.71	26,46,461	80	26,46,541	3.76	(1.95)
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹1 Lakh	1,65,30,208	13,70,317	1,79,00,525	25.43	1,60,87,843	13,09,554	1,73,97,397	24.71	(0.72)
ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh	25,30,837	7,21,665	32,52,502	4.62	31,87,361	7,21,665	39,09,026	5.55	0.93
<b>c) NBFCs registered with RBI</b>	17,473	-	17,473	0.02	-	-	-	-	(0.02)
<b>d) Others (specify)</b>									
- Non Resident Indians	8,35,037	2,000	8,37,037	1.19	8,72,036	2,000	8,74,036	1.24	0.05
- Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
- Foreign Nationals	4,646	-	4,646	0.01	4,646	-	4,646	0.01	-
- Clearing Members	1,23,697	-	1,23,697	0.18	1,07,200	-	1,07,200	0.16	(0.02)
- Trusts	4,736	57,600	62,336	0.09	2,262	57,600	59,862	0.08	-
- Market Maker	2,256	-	2,256	0.00	2	-	2	0.00	-
- Hindu Undivided Family	14,02,181	-	14,02,181	1.99	12,51,255	-	12,51,255	1.78	(0.21)
<b>Sub-total (B)(3)</b>	<b>2,54,67,893</b>	<b>21,51,662</b>	<b>2,76,19,555</b>	<b>39.24</b>	<b>2,41,59,066</b>	<b>20,90,899</b>	<b>2,62,49,965</b>	<b>37.29</b>	<b>(1.95)</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)</b>	<b>3,25,87,924</b>	<b>21,52,662</b>	<b>3,47,40,586</b>	<b>49.36</b>	<b>3,25,87,495</b>	<b>20,91,899</b>	<b>3,46,79,394</b>	<b>49.26</b>	<b>-</b>
<b>Total (A)+(B)</b>	<b>6,82,30,588</b>	<b>21,52,662</b>	<b>7,03,83,250</b>	<b>100.00</b>	<b>6,83,13,851</b>	<b>20,91,899</b>	<b>7,04,05,750</b>	<b>100.00</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>6,82,30,588</b>	<b>21,52,662</b>	<b>7,03,83,250</b>	<b>100.00</b>	<b>6,83,13,851</b>	<b>20,91,899</b>	<b>7,04,05,750</b>	<b>100.00</b>	<b>-</b>

Note : % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

**(ii) Shareholding of Promoters:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2019)			Shareholding at the end of the year (March 31, 2020)			% change in share holding 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	Dr. Prakash A. Mody	3,24,19,392	46.06	-	3,24,55,699	46.10	-	0.04
2	Mrs. Anita Mody	13,23,400	1.88	-	13,23,400	1.88	-	-
3	Ms. Suparna Mody	9,49,936	1.35	-	9,49,936	1.35	-	-
4	Ms. Supriya Mody	9,49,936	1.35	-	9,49,936	1.35	-	-
5	Dr. Prakash A. Mody - Suparna Mody Trust	-	-	-	17,500	0.02	-	0.02
6	Dr. Prakash A. Mody - Shwetambari Mody Trust	-	-	-	14,784	0.02	-	0.02
7	Dr. Prakash A. Mody - Supriya Mody Trust	-	-	-	15,101	0.02	-	0.02
	<b>Total</b>	<b>3,56,42,664</b>	<b>50.64</b>	<b>-</b>	<b>3,57,26,356</b>	<b>50.74</b>	<b>-</b>	<b>0.10</b>

**(iii) Change in Promoters' shareholding:**

Sr. No.	Particulars	Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	3,56,42,664	50.64	3,56,42,664	50.64
2	Changes during the year (Market Purchase)	83,692	0.10	3,57,26,356	50.74
3	At the end of the year			3,57,26,356	50.74

**(iv) Shareholding pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Name of the Top 10 Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	HDFC Small Cap Fund				
	At the beginning of the year	28,31,078	4.02	28,31,078	4.02
	Changes during the year (Market Purchase)	22,62,111	3.21	50,93,189	7.23
	At the end of the year	-	-	50,93,189	7.23
2	Mr. Krishnaraj Venkataraman				
	At the beginning of the year	1,010	0.00	1,010	0.00
	Changes during the year (Market Purchase)	7,16,417	1.02	7,17,427	1.02
	At the end of the year	-	-	7,17,427	1.02
3	ICICI Prudential Midcap Fund				
	At the beginning of the year	6,79,071	0.96	6,79,071	0.96
	Changes during the year	-	-	6,79,071	0.96
	At the end of the year	-	-	6,79,071	0.96
4	Mr. Ajit Vishnu Shirodkar				
	At the beginning of the year	6,68,125	0.95	6,68,125	0.95
	Changes during the year	-	-	6,68,125	0.95
	At the end of the year	-	-	6,68,125	0.95
5	Mr. Mehul Shah				
	At the beginning of the year	3,50,000	0.50	3,50,000	0.50
	Changes during the year (Market Purchase)	2,30,000	0.32	5,80,000	0.82
	At the end of the year	-	-	5,80,000	0.82
6	Investor Education and Protection Fund Authority (IEPF) as per Ministry of Corporate Affairs Rules				
	At the beginning of the year	5,00,741	0.71	5,00,741	0.71
	Shares transferred to the IEPF Account during the year	29,997	0.04	5,30,738	0.75
	At the end of the year	-	-	5,30,738	0.75
7	DSP Healthcare Fund				
	At the beginning of the year	3,77,613	0.54	3,77,613	0.54
	Changes during the year (Market Purchase)	57,287	0.12	4,34,900	0.62
	At the end of the year	-	-	4,34,900	0.62

Sr. No.	Name of the Top 10 Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	Blue Sky Consulting LLP				
	At the beginning of the year	3,25,100	0.46	3,25,100	0.46
	Changes during the year(Market Purchase)	56,000	0.08	3,81,100	0.54
	At the end of the year	-	-	3,81,100	0.54
9	Kimi Business Investments Advisors LLP				
	At the beginning of the year	2,90,867	0.41	2,90,867	0.41
	Changes during the year(Market Purchase)	63,718	0.09	3,54,585	0.50
	At the end of the year	-	-	3,54,585	0.50
10	Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group Inc. (DFAIG)				
	At the beginning of the year	2,86,553	0.41	2,86,553	0.41
	Changes during the year(Market Purchase)	7,479	0.01	2,94,032	0.42
	At the end of the year	-	-	2,94,032	0.42
11	*Dimensional Emerging Markets Value Fund				
	At the beginning of the year	3,59,521	0.51	3,59,521	0.51
	Changes during the year (Market Sale)	(94,622)	(0.13)	2,64,899	0.38
	At the end of the year	-	-	2,64,899	0.38
12	*Shanghvi Finance Private Limited				
	At the beginning of the year	11,60,999	1.65	11,60,999	1.65
	Changes during the year (Market Sale)	(10,05,572)	(1.43)	1,55,427	0.22
	At the end of the year	-	-	1,55,427	0.22
13	*DSP AIF Pharma Fund				
	At the beginning of the year	8,14,806	1.16	8,14,806	1.16
	Changes during the year (Market Sale)	(8,14,806)	(1.16)	0.00	0.00
	At the end of the year	-	-	0.00	0.00

\* Ceased to be in Top 10 shareholders as on March 31, 2020. The same are reflected above since the shareholders were one of the Top 10 shareholders as on April 1, 2019.

Notes

- The details of holding have been clubbed based on PAN.
- % of total shares of the Company is based on the paid up capital of the Company at the end of the year.

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Director and Key Managerial Personnel	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Dr. Prakash A. Mody				
	At the beginning of the year	3,24,19,392	46.06	3,24,19,392	46.06
	Changes during the year (Market Purchase)	36,307	0.04	3,24,55,699	46.10
	At the end of the year	-	-	3,24,55,699	46.10
2	Mr. Prafull Anubhai				
	At the beginning of the year	782	0.00	782	0.00
	Changes during the year	-	-	782	0.00
	At the end of the year	-	-	782	0.00
3	Mr. Prafull Sheth				
	At the beginning of the year	7,500	0.01	7,500	0.01
	Changes during the year	-	-	7,500	0.01
	At the end of the year	-	-	7,500	0.01
4	Mr. Anand Mahajan				
	At the beginning of the year	15,029	0.02	15,029	0.02
	Changes during the year	-	-	15,029	0.02
	At the end of the year	-	-	15,029	0.02
5	Dr. (Mrs.) B. Kinnera Murthy				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
6	Mr. Dilip Kunkolienkar				
	At the beginning of the year	53,038	0.08	53,038	0.08
	Changes during the year (Allotment of Shares pursuant to ESOP Scheme 2008)	22,500	0.03	75,538	0.11
	At the end of the year	-	-	75,538	0.11

Sr. No.	Shareholding of each Director and Key Managerial Personnel	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	Mr. Sandip Ghume (Deputy Chief Financial Officer)	-	-	-	-
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
8	*Mrs. Neema Thakore (Head - Legal & Company Secretary)	-	-	-	-
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
9	**Mr. Pradeep Bhandari (Head - Legal & Company Secretary)	-	-	-	-
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-

Note: \* Superannuated w.e.f. July 31, 2019; \*\* Appointed w.e.f. August 1, 2019

## V. Indebtedness

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

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
Addition	1,521.41	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	1,521.41	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,521.41	-	-	-

## VI. Remuneration of Directors and Key Managerial Personnel:

### A. Remuneration to Executive Director:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Dr. Prakash A. Mody Chairman & Managing Director	Mr. Dilip Kunkoliencar Director Technical	Total
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	425.22	116.80	542.02
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	49.71	16.20	65.91
	(c) Profits in lieu of salary under Section 17(3) of the Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	33.59	33.59
	- as % of profit	-	-	-
	- others, specify - Medical reimbursement and Employers contribution towards Provided Fund	63.82	5.58	69.40
	Total (A)	538.75	172.17	710.92

Note:

- The Company had loss during the year. The Company has obtained approval of the Members vide Special Resolutions passed at its Annual General Meeting and the Postal Ballot Meeting held on July 28, 2018 and December 13, 2018 respectively to pay to the Whole Time Directors by way of remuneration sums in excess of the limits specified in Part A of Section II of Part II of Schedule V of the Act.
- For the year under review, due to loss, no commission is payable to the Chairman & Managing Director. No commission is payable to the Director Technical as per the terms of his appointment.

**B. Remuneration to other Directors:**

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Names of Directors					Total
		Mr. Prafull Anubhai	Mr. Prafull Sheth	Mr. Anand Mahajan	Dr. (Mrs.) B. Kinnera Murthy		
	Independent Directors						
1	Fee for attending Board and Committee Meetings	14.50	11.00	9.00	13.00	47.50	
	Commission	-	-	-	-	-	
	Others, please specify	-	-	-	-	-	
	Total (1)	-	-	-	-	-	
2	Other Non-Executive Directors	-	-	-	-	-	
	Fee for attending Board and Committee Meetings	-	-	-	-	-	
	Commission	-	-	-	-	-	
	Others, please specify	-	-	-	-	-	
	Total (2)	-	-	-	-	-	
	Total (B)=(1+2)	14.50	11.00	9.00	13.00	47.50	
	Total Managerial Remuneration (A+B)					758.42	
	Overall Ceiling as per the Act : Refer Note 1 given on page 50.						

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

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Mr. Sandip Ghume	*Mr. Pradeep Bhandari	**Ms. Neema Thakore		
	Name	Deputy Chief Financial Officer	Head - Legal & Company Secretary	Head - Legal & Company Secretary		
	Designation					
1	Gross salary	43.43	47.17	30.94	121.54	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	-	-	-	-	
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	-	-	-	
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-	
2	Stock Option	-	-	-	-	
3	Sweat Equity	-	-	-	-	
4	Commission	-	-	-	-	
	- as % of profit	-	-	-	-	
	- others, specify	-	-	-	-	
	Total	43.43	47.17	30.94	121.54	

\*Appointed w.e.f. August 1, 2019; \*\* Superannuated w.e.f. July 31, 2019

**VII Penalties/punishment/compounding of offences:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made, if any (give details)
A. COMPANY Penalty Punishment Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS Penalty Punishment Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors,

Mumbai  
June 19, 2020**Dr. Prakash A. Mody**  
Chairman & Managing Director  
(DIN.: 00001285)



# Corporate Governance Report

## A brief statement on listed entity's philosophy on Code of Governance

The Company's philosophy on corporate governance is to ensure that adequate control systems exist to enable the Board in effectively discharging its responsibilities, ensuring fiscal accountability, ethical corporate behaviour and fairness to all stakeholders. The Company has laid down well-developed systems and processes for internal controls across all its operations, and that adequate, timely and accurate disclosure of all material, operational and financial information are made to the stakeholders. The Company continues to focus its resources, strengths and strategies to achieve its vision of enhancing health through quality products while upholding the core values of excellence, empowerment and responsibility.

As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and applicable provisions of the Companies Act, 2013 (the Act), a report on Corporate Governance is detailed below:

## Board of Directors

### Composition, attendance of Directors at Board Meetings and the last Annual General Meeting (AGM) other Directorships and Memberships and/or Chairmanships held by each Director

The Board of Directors has a responsibility for the management of the Company's affairs. In terms of the requirements under Corporate Governance all material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company.

As on March 31, 2020, Unichem's Board comprised of six Directors, viz., two Whole-Time Directors and four Non-Executive and Independent Directors, out of which one is a Independent Woman Director. The Company plans its Board and Committee Meetings well in advance. Unichem's Board met five times during the year under review viz.; May 24, 2019; July 27, 2019; August 1, 2019; November 2, 2019 and February 3, 2020 as given in **Table-1**. The intervening period between two Board Meetings was well within the time limit prescribed in the Companies Act, 2013 and the Listing Regulations. The last AGM of the Company was held on July 27, 2019.

**Table-1: Composition of Board and attendance of Meetings during the year 2019-2020**

Name	Category	No. of Board Meetings held during the year 2019-2020		Whether attended last AGM	No. of Directorships in other public companies*	No. of committee positions in other public companies**		Name of Listed companies where directorship held and its category
		Held	Attended			Member	Chairman	
Dr. Prakash A. Mody (DIN.: 00001285)	Executive Director (Chairman & Managing Director - Promoter)	5	5	Yes	1	0	0	Kewal Kiran Clothing Limited - Non Executive Independent Director
Mr. Dilip Kunkolienkar (DIN.: 02666678)	Director Technical (Executive Director)	5	4	Yes	0	0	0	Nil
^ Mr. Prafull Anubhai (DIN.: 00040837)	Non-Executive Independent Director	5	5	Yes	1	0	1	Vardhaman Textiles Limited - Non Executive Independent Director
^ Mr. Anand Mahajan (DIN.: 00066320)	Non-Executive Independent Director	5	4	No	2	2	1	# Saint-Gobain Sekurit India Ltd. - Non-Executive and Non Independent Director @ Grindwell Norton Ltd. - Managing Director
^ Mr. Prafull Sheth (DIN.: 00184581)	Non-Executive Independent Director	5	5	Yes	0	0	0	Nil
Dr. (Mrs.) B. Kinnera Murthy (DIN.: 01878144)	Non-Executive Independent Director	5	5	Yes	2	0	0	Nil

\* Excludes Directorships in Private Limited companies, Foreign Companies (including foreign subsidiaries of Unichem Laboratories Limited) and Companies under Section 8 of the Act.

\*\* Covers only Memberships/Chairmanships of Audit Committee and Stakeholders' Relationship Committee.

^ Mr. Prafull Anubhai, Mr. Prafull Sheth and Mr. Anand Mahajan have been re-appointed as Independent Directors, to hold office for a second term of five consecutive years w.e.f. April 1, 2019 duly approved by the Shareholders at the 55th AGM of the Company held on July 28, 2018.

# Resigned as a Director w.e.f. April 1, 2020.

@ Retired as Managing Director w.e.f. April 1, 2020 and appointed as an additional, Non-Executive Director (Promoter) w.e.f. May 20, 2020.

The number of Directorships and the positions held by them on Board Committees are in conformity with the limits on the number of Directorships and Board Committee positions as laid down in the Act and SEBI Listing Regulations, as on March 31, 2020.

## Independent Directors' Meeting

During the year under review, the Independent Directors met on February 3, 2020 *inter alia*, to:

- Review the performance of Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- Assess the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors attended the Meeting.

## Disclosure of relationships between Directors *inter-se*

In terms of Regulation 36 (3) (c) and Schedule V (C) (2) (e) of the SEBI Listing Regulations, none of the Directors are related to each other.

## List of core skills/expertise/competencies identified by the Board of Directors and the Directors who possesses the skill as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board is given in List-A.

### Confirmation by Independent Directors

All Independent Directors have declared that they meet the criteria of Independence as laid down under Section 149 (6) of the

Companies Act, 2013 and Regulation 16 (b) of the Listing Regulations. The Board confirms that the Independent Directors fulfill conditions specified in the Listing Regulations and are independent of the Management.

## Business Responsibility Report

Regulation 34 (2) of the Listing Regulations, *inter alia*, provides that the annual report of the top 1000 listed entities based on their market capitalization (calculated as on March 31 of every financial year), shall include a Business Responsibility Report ("BRR").

Your Company features in the top 1000 listed entities as per market capitalization calculated as on March 31, 2020 and hence the Business Responsibility Report for the financial year ended March 31, 2020 forms part of this Annual Report.

## Dividend Distribution Policy

Pursuant to the Listing Regulations, the Company has formulated a Dividend Distribution Policy, and is available on the Company's website at <https://www.unichemlabs.com/dividend-distribution-policy.php>.

## Familiarization programme for Independent Directors

As and when a new Independent Director is appointed, the Company takes steps to familiarise the Independent Director with the Company, his/her roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. By way of an introduction, the Company presents to the Director a corporate CD which encompasses the history and operations of the Company.

**List-A: List of core skills/expertise/competencies identified by the Board**

Sr. No.	Skills / expertise / competencies	Description	Name of the Director who possesses the said skill
1	Vision	Ability to see the future with precision based on knowledge, experience and power of reasoning to shape the Company's plans.	Dr. Prakash A. Mody Mr. Prafull Anubhai Dr. (Mrs.) B. Kinnera Murthy
2	Leadership	Trait of building an inspiring vision, motivating people to engage with it and fulfilment of the same.	Dr. Prakash A. Mody Mr. Anand Mahajan
3	Corporate Strategy	Ability to identify opportunities, projects, critical evaluation of the same and plan for successful implementation, to achieve the desired business goal.	Dr. Prakash A. Mody Mr. Prafull Anubhai Mr. Dilip Kunkolienkar Dr. (Mrs.) B. Kinnera Murthy Mr. Anand Mahajan
4	Risk management	Ability to identify key risks associated with the business and put in place risk minimisation and mitigation framework.	Dr. Prakash A. Mody Mr. Prafull Anubhai
5	Technical manufacturing expertise in Pharma	Ability to comprehend technical intricacies in manufacturing and guide the executive management to overcome technical barriers in order to be cost effective and achieve the desired goals with focus on pharma sector.	Dr. Prakash A. Mody Mr. Dilip Kunkolienkar Mr. Prafull Sheth
6	Finance and Accounting	Ability to analyse key financial statements, assess financial viability, contribute to strategic financial planning, oversee budgets and efficient use of resources.	Dr. Prakash A. Mody Mr. Prafull Anubhai Mr. Anand Mahajan
7	Academics	Designing and developing executive development programmes, Human Resource Development, consulting and advisory services in management to corporates and non-corporates.	Dr. (Mrs.) B. Kinnera Murthy
8	Social Change Management	Corporate Social Responsibility, designing social change strategies and supporting NGOs pro bono	Dr. Prakash A. Mody Dr. (Mrs.) B. Kinnera Murthy
9	Research and Development	Thorough understanding of processes of discovery, development, manufacturing, clinical trials, waste management and quality of pharmaceuticals.	Dr. Prakash A. Mody Mr. Prafull Sheth

The Company believes that the Board must be continuously empowered with the knowledge of the latest developments in the Company's business and the external environment affecting the Company and the industry as a whole. Apart from the financial presentations, business strategies and all updates are discussed on regular basis at the Board Meetings periodically to familiarise the Directors with the strategy and operations of the Company.

The details of such familiarization programme have been displayed on the website of the Company and the weblink of the same is:

<https://www.unichemlabs.com/pdf/press-release/2019-20/Familiarization%20Programme.pdf>.

## Compliance with the Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics. The said Code is posted on the Company's website and the weblink of the same is:

<https://unichemlabs.com/policies-code-of-conduct/code-of-business-conduct-ethics/>.

All Board members and Senior Management Personnel have affirmed compliance with the said Code for the year ended March 31, 2020. A declaration to this effect, signed by the Chairman & Managing Director is given below:

## Declaration on Code of Business Conduct and Ethics

"In accordance with Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Business Conduct and Ethics for the financial year ended March 31, 2020".

**Dr. Prakash A. Mody**

Mumbai  
June 5, 2020

Chairman & Managing Director  
DIN.: 00001285

## Audit Committee

The Audit Committee met four times during the financial year, namely May 24, 2019; July 27, 2019, November 2, 2019, February 3, 2020. The composition of the Committee as on March 31, 2020, and the details on the number of Audit Committee Meetings held and attended by the Members during the financial year 2019-2020 are given in **Table-2**.

The Audit Committee's primary role is to supervise the internal controls and the financial reporting process and thus ensure accurate

and timely disclosure of information that maintains transparency, integrity and quality of financial controls and reportings.

The terms of reference of the Committee are wide enough to cover matters specified for Audit Committees as given under Section 177 of the Act and Regulation 18 of the Listing Regulations.

The Deputy Chief Financial Officer, Chief Internal Auditor & Compliance Officer and a representative of the Statutory Auditors were regular invitees to the Meetings.

The Company Secretary acts as a Secretary to this Committee.

## Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee during the financial year 2019- 2020 is given in **Table-3**.

The terms of reference of the Committee are wide enough to cover matters specified for the Committee as given under Section 178 of the Act and Regulation 19 of the Listing Regulations. The said Committee met three times during the financial year namely May 24, 2019, August 1, 2019 and February 3, 2020.

The Company Secretary acts as a Secretary to this Committee.

## Performance evaluation

Pursuant to the provisions of the Act and Regulation 17 (10) of the Listing Regulations, the Board has carried out an annual performance evaluation of the working of its own performance, its Committees and the Directors individually. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation, the Directors who were subject to evaluation did not participate. A structured questionnaire was prepared after taking into consideration inputs received from the Directors covering various aspects of the Board's/Committees' functioning.

The evaluation of the Directors was done on various parameters such as vision and strategy, Board's participation, Board's disclosure of interests, review of risk management policies, evaluating plans with reference to risk and return, good governance and leadership skills. The Directors expressed their satisfaction with the evaluation process.

## Remuneration of Directors

The Remuneration details are given in **Table-4**.

**Table-2: Composition and attendance of Audit Committee Meetings during 2019-2020**

Name of Director	Position	Category	No. of Meetings attended
Mr. Prafull Anubhai	Chairman	Non-Executive, Independent	4
Mr. Dilip Kunkolienkar	Member	Executive Director	4
Mr. Prafull Sheth	Member	Non-Executive, Independent	4
Mr. Anand Mahajan	Member	Non-Executive, Independent	3
Dr. (Mrs) B. Kinnera Murthy	Member	Non-Executive, Independent	4

**Table-3: Composition and attendance of Nomination and Remuneration Committee Meetings during 2019-2020**

Name of Director	Position	Category	No. of Meetings attended
Mr. Prafull Anubhai	Chairman	Non-Executive, Independent	3
Mr. Prafull Sheth	Member	Non-Executive, Independent	3
Mr. Anand Mahajan	Member	Non-Executive, Independent	3

## Shareholding of the Non-Executive Directors

Details of shares held by Non-Executive Directors as on March 31, 2020:

Name	No. of shares held
Mr. Prafull Anubhai	782
Mr. Anand Mahajan	15,029
Mr. Prafull Sheth	7,500
Dr. (Mrs.) B. Kinnera Murthy	Nil

The Company has not issued any convertible instruments during the financial year ended March 31, 2020.

## Stakeholders Relationship Committee

The composition of the Stakeholders Relationship Committee and the details of the number of Meetings held and attended by the Members during the financial year 2019-2020 are given in **Table-5**. The terms of reference of the Committee are wide enough to cover matters specified for the Committee as given under Section 178 (5) of the Act and Regulation 20 of the Listing Regulations. The Committee focuses on Shareholders' grievances and strengthening of investor relations.

The Stakeholders' Relationship Committee met four times during the financial year namely May 24, 2019; July 27, 2019; November 2, 2019, and February 3, 2020. During the year two complaints were received from Shareholders and investors. All the complaints have been resolved to the satisfaction of the complainants and no investor complaint was pending at the beginning or at the end of the year. The Company has acted upon valid requests for share transfers received during the year and no such request is pending.

The Company has a dedicated e-mail id at [shares@unichemlabs.com](mailto:shares@unichemlabs.com) where investors and the other stakeholders can address their queries and grievances.

The Company Secretary is the Compliance Officer and also acts as a Secretary to this Committee.

## Risk Management

Pursuant to Regulation 21 of the Listing Regulations, the Company does not come in the top 100 entities which have to mandatorily constitute a Risk Management Committee. However, the Company has procedures for risk assessment and minimisation. A section on Risk management practices of the Company forms a part of the chapter on Management Discussion and Analysis in the Annual Report 2019-2020.

## Corporate Social Responsibility Committee (CSR)

The composition of the Corporate Social Responsibility Committee and the details on the number of Meetings held and attended by the members during the financial year 2019-2020 are given in **Table-6**. The terms of reference of the said Committee broadly comprise the following:

- To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act; and
- To provide guidance on various CSR activities to be undertaken by the Company and to monitor their progress.

**Table-4: Remuneration paid to the Directors for 2019-2020 (₹ in Lakhs)**

Name	Sitting Fees**	Commission payable for 2019-2020@	Consolidated Salary#	Perquisites and Allowances#	Total Amount
*Dr. Prakash A. Mody	NA	NA	425.22	113.53	538.75
Mr. Dilip Kunkolienkar	NA	NA	116.80	55.37	172.17
Mr. Prafull Anubhai	14.50	NA	NA	NA	14.50
Mr. Anand Mahajan	9.00	NA	NA	NA	9.00
Mr. Prafull Sheth	11.00	NA	NA	NA	11.00
Dr. (Mrs.) B. Kinnera Murthy	13.00	NA	NA	NA	13.00

The above Executive Directors were appointed for a term of three years. The service of the Executive Directors may be terminated by serving six month's notice or on mutually acceptable terms. There is no provision for payment of severance fees. Mr. Dilip Kunkolienkar is granted stock options pursuant to the ESOP schemes of the Company. The Non Executive Independent Directors are paid only sitting fees .

NA- Not Applicable

\* Eligible to receive commission @1% of the Net Profits of the Company, computed under Sections 197 and 198 of the Act and the Rules made thereunder. However due to loss no commission is payable for the year under review.

\*\* Sitting Fees are exclusive of Goods and Service Tax paid extra under reverse charge mechanism

# Fixed Component

@ Variable Component

**Table-5: Composition and attendance of Stakeholders Relationship Committee Meetings during 2019-2020**

Name of Director	Position	Category	No. of Meetings attended
Dr. Prakash A. Mody	Member	Executive Director	4
Mr. Prafull Anubhai	Chairman	Non-Executive, Independent	4
Dr. (Mrs.) B. Kinnera Murthy	Member	Non-Executive, Independent	4

**Table-6: Composition and attendance of Corporate Social Responsibility Committee Meetings during 2019-2020**

Name of Director	Position	Category	No. of Meetings attended
Dr. Prakash A. Mody	Chairman	Executive Director	3
Mr. Prafull Anubhai	Member	Non-Executive, Independent	3
(Dr.) (Mrs.) B. Kinnera Murthy	Member	Non-Executive, Independent	3

The Committee met three times during the financial year on May 24, 2019, November 2, 2019 and February 3, 2020. The Company Secretary acts as a Secretary to this Committee.

## CEO and CFO Certification

The Managing Director and the Deputy Chief Financial Officer have *inter alia* certified to the Board of Directors, the accuracy of financial statements and adequacy of internal controls for financial reporting as required under Regulation 17(8) of the Listing Regulations for the year ended March 31, 2020. The certificate was placed before the Board of Directors at its Meeting held on June 19, 2020.

## General Body Meetings

- Details of the last three Annual General Meetings are given in **Table-7**.
- Resolutions passed through Postal Ballot: Nil
- As at March 31, 2020, no Special Resolution is proposed to be conducted through Postal Ballot.

## Disclosures

### Related Party Transactions

There were no material significant transactions with related parties during the financial year, which were in conflict with the interest of the Company at large. All Related Party Transactions are periodically placed before the Audit Committee / Board for its review and approval. The Company has in place a policy on Related Party Transactions and the same is displayed on the Company's website and the weblink of the same is: <https://www.unichemlabs.com/related-party-transactions-policy.php>

## Details of Non compliance

During the past three years there have been no instances of non-compliance by the Company with the requirements of the Stock Exchanges, Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to capital markets.

## Material Subsidiary

The Company has formulated a Policy on material subsidiary and the same is displayed on the Company's website and the weblink of the same is <https://www.unichemlabs.com/policy-on-material-subsidiaries.php>.

## Whistle Blower Policy

The Company has in place a Whistle Blower/Vigil Mechanism through which its stakeholders, directors and employees can report their genuine concerns about unethical behaviour and actual or suspected fraud or violation of the Company's Code of Business Conduct and Ethics. The said policy provides for adequate safeguards against victimization and direct access to the Audit Committee. No personnel has been denied access to the Audit Committee. The e-mail id for reporting genuine concerns is [whistleblower@unichemlabs.com](mailto:whistleblower@unichemlabs.com). The same is displayed on the Company's website and the weblink of the same is <https://www.unichemlabs.com/whistle-blower-vigil-mechanism.php>.

## Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of the Listing Regulations

The Company has not raised any funds through preferential allotment or qualified institutions placement and hence the same is not applicable.

**Table-7: Details of the last 3 (three) Annual General Meetings (AGM)**

AGM	Year	Venue	Date	Time	Items of Special Resolution passed at each meeting
56 <sup>th</sup>	2018-2019	Rama Watumull Auditorium Kishinchand Chellaram College (K.C. College) 124, Dinshaw Wachha Road Churchgate, Mumbai - 400 020	Saturday July 27, 2019	3:00 p.m.	None
55 <sup>th</sup>	2017-2018	Rama Watumull Auditorium Kishinchand Chellaram College (K.C. College) 124, Dinshaw Wachha Road Churchgate Mumbai - 400 020	Saturday July 28, 2018	3:00 p.m.	(i) Re-appointment of Dr. Prakash A. Mody as the Chairman & Managing Director of the Company for a period of three years w.e.f. July 1, 2018 up to June 30, 2021. (ii) Appointment of Mr. Dilip Kunkolienkar as a Whole time Director of the Company, designated as Director Technical for a period of three years w.e.f. April 1, 2018 up to March 31, 2021. (iii) Re-Appointment of Mr. Prafull Anubhai as an Independent Director of the Company for a second term of five consecutive years w.e.f. April 1, 2019 up to March 31, 2024. (iv) Re-Appointment of Mr. Prafull Sheth as an Independent Director of the Company for a second term of five consecutive years w.e.f. April 1, 2019 up to March 31, 2024. (v) Re-Appointment of Mr. Anand Mahajan as an Independent Director of the Company for a second term of five consecutive years w.e.f. April 1, 2019 up to March 31, 2024.
54 <sup>th</sup>	2016-2017	Hall of Culture, Nehru Centre Dr. Annie Besant Road Worli, Mumbai - 400 018	Saturday July 22, 2017	3:00 p.m.	Re-appointment of (Dr.) (Mrs.) B. Kinnera Murthy as an Independent Director of the Company for a second term of five consecutive years w.e.f. March 21, 2018.



## Certificate from Company Secretary in practice

The Company has received a certificate dated June 5, 2020 from Alwyn Jay & Co, Company Secretaries in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

## The Board has accepted all the recommendations of the Committees of the Board given from time to time during the financial year under review.

### Total fees paid to all statutory auditors

The total fees paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part during the financial year under review, aggregate ₹149.35 Lakhs.

## Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- number of complaints filed during the financial year: 0
- number of complaints disposed of during the financial year: 0
- number of complaints pending as on end of the financial year: 0

## Compliance with the Mandatory Requirements of the Listing Regulations

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations.

## Adoption of Non Mandatory Requirements

The Company has not adopted the non-mandatory requirements of the Listing Regulations.

## Management Discussion and Analysis Report

The information required under the Management Discussion and Analysis Report is separately given in this Annual Report.

## Brief profile of Directors seeking appointment/re-appointment

As required, a brief profile and other particulars of the Director retiring by rotation is given in the Notice of the 57th AGM and forms a part of this Annual Report.

## Commodity price risk or foreign exchange risk and hedging activities

During the financial year ended March 31, 2020, the Company managed its foreign exchange risk and hedged to the extent considered necessary/permitted. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in the financial statements.

## Means of Communication

- The Unaudited quarterly/half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the closure of the financial year and as per the requirement of the Listing Regulations. Considering the hardships faced by the listed entities due to the lockdown pursuant to the

COVID-19 pandemic, SEBI has extended the due date for adoption of the audited results for the year ended March 31, 2020 upto June 30, 2020.

- The approved financial results are forthwith sent to the Stock Exchanges and are published in a national English newspaper namely, Business Standard. In addition, the same are published in a local language (Marathi) newspaper namely, Sakal, within forty-eight hours of approval thereof. Presently the same are not sent to the Shareholders separately.
- The Company's financial results and official press releases are displayed on the Company's website at [www.unichemlabs.com](http://www.unichemlabs.com).
- Presentations if any, made to the institutional investors and /or analysts are also posted on the Company's website and sent to the Stock Exchanges where the Company shares are listed.
- The quarterly results, shareholding pattern, quarterly compliances and all other corporate communications to the Stock Exchanges viz. BSE Limited and NSE Limited are filed electronically. The Company has complied with filing submissions through the BSE Listing Centre. The said information is also filed electronically with NSE through the NEAPS portal.
- A separate dedicated section under "Investors", on the Company's website gives information on unclaimed Dividends, shareholding pattern, quarterly/half yearly results and other relevant information of interest to the investors/public.

## General Shareholder Information

### Date, Time and Venue of the 57<sup>th</sup> AGM

Date: Saturday, August 29, 2020

Time: 11:30 a.m.

Due to the COVID -19 pandemic, the AGM for the financial year 2019-2020 will be held through Video Conference or other means of Audio- Visual Mode (OAVM) as permitted by the Regulators.

**Financial Year:** April 1, 2019 to March 31, 2020

### Dates of Book Closure

Monday, August 24, 2020 to Saturday, August 29, 2020 (both days inclusive)

### Dividend Payment Date

Dividend of ₹ 4/- (200%) per share having a face value of ₹ 2/- fully paid for the year 2019-2020 has been recommended by the Board of Directors. If approved by the Members at the ensuing AGM, the same will be paid to the Shareholders on Friday, September 4, 2020.

### Stock Exchanges on which shares are listed

Bombay Stock Exchange of India Limited (BSE)

National Stock Exchange of India Limited (NSE)

The Annual Listing Fees have been paid by the Company and there is no payment outstanding towards the Stock Exchanges as on date.

## Stock Codes

BSE 506690

NSE UNICHEMLAB

## Unclaimed Dividend

Dividend remaining unclaimed for seven years, will be transferred to the Investor Education and Protection Fund as per the Act and rules made thereunder. Shareholders who have not claimed their Dividends may do so before these are statutorily transferred and are requested to immediately approach the Investor Relations Department of the Company for issue of duplicate Dividend warrants. Please refer to **Table-8** for these details.

## Disclosure with respect to Demat Suspense Account/ Unclaimed Suspense Account pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in Table-9

## Registrar and Share Transfer Agents (RTA)

Link Intime India Private Limited

C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083

Tel.: (022) 4918 6000 • Fax.: (022) 4918 6060

E-mail Id: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## Share Transfer System

Share transfers are registered and returned within fifteen days from the date of receipt, subject to the documents being valid and complete in all respects. Share certificates duly endorsed are

issued or transferred to all those Shareholders who opt to hold shares in physical mode.

The Company has delegated the authority to approve share transfers to its RTA, Link Intime India Private Limited. The Company obtains from a Company Secretary in Practice, half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40 (9) of the Listing Regulations and files a copy of the certificate with the Stock Exchanges.

As per Regulation 40 the Listing Regulations, as amended, securities of Listed Companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form who consider converting their holdings to dematerialized form are requested to contact the Company or the Company's Registrars and Transfer Agents, Link Intime India Private Limited.

There are no legal proceedings pending against the Company before the Company Law Board in respect of dispute over title to shares in which the Company has been made a party.

## Dematerialisation of Shares and Liquidity

The Company's equity shares form part of the dematerialisation segment for all investors. As on March 31, 2020, 97.30 % of the paid-up capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

**Table-8: Unclaimed Dividend**

Financial Year	Type of Dividend	Date of Declaration of Dividend	Last date for claiming unclaimed Dividend
2012-2013	Final	19.7.2013	24.8.2020
2013-2014	Interim	18.1.2014	23.2.2021
2013-2014	Final	12.7.2014	17.8.2021
2014-2015	Final	16.7.2015	21.8.2022
2015-2016	Interim	9.3.2016	14.4.2023
2016-2017	Final	22.7.2017	27.8.2024
2017-2018	Final	28.7.2018	2.9.2025
2018-2019	Final	27.7.2019	1.9.2026

**Table-9: Disclosure with respect to Demat Suspense Account / Unclaimed Suspense Account pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Particulars	No. of Shareholders	No. of Shares
Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account as at April 1, 2019	52	1,13,300
(Less): Number of Shareholders who approached the Issuer for transfer of shares from the Unclaimed Suspense Account and to whom the shares were transferred from the Unclaimed Suspense Account	2	1,200
(Add): Number of Shareholders and their shares transferred to Unclaimed Suspense Account during the year	-	-
(Less): Number of shares transferred from Unclaimed Suspense Account during the Financial Year 2019-2020	5	15,600
Aggregate number of outstanding equity shares in the Unclaimed Suspense Account as at March 31, 2020	45	96,500

## Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

**Credit Rating:** ICRA, the credit rating agency has assigned a short term rating of ICRA A1 and long-term rating of ICRA A with a negative outlook for the Line of Credit (LOC) of the Company.

**Plant locations:** The data is given on the insider cover of the Annual Report.

## Address for correspondence

### Registered Office

Unichem Bhavan, Prabhat Estate, Off S. V. Road  
Jogeshwari (West), Mumbai - 400 102  
Tel.: (022) 6688 8333 • Fax.: (022) 2678 4391  
Website: [www.unichemlabs.com](http://www.unichemlabs.com)

### For Secretarial matters

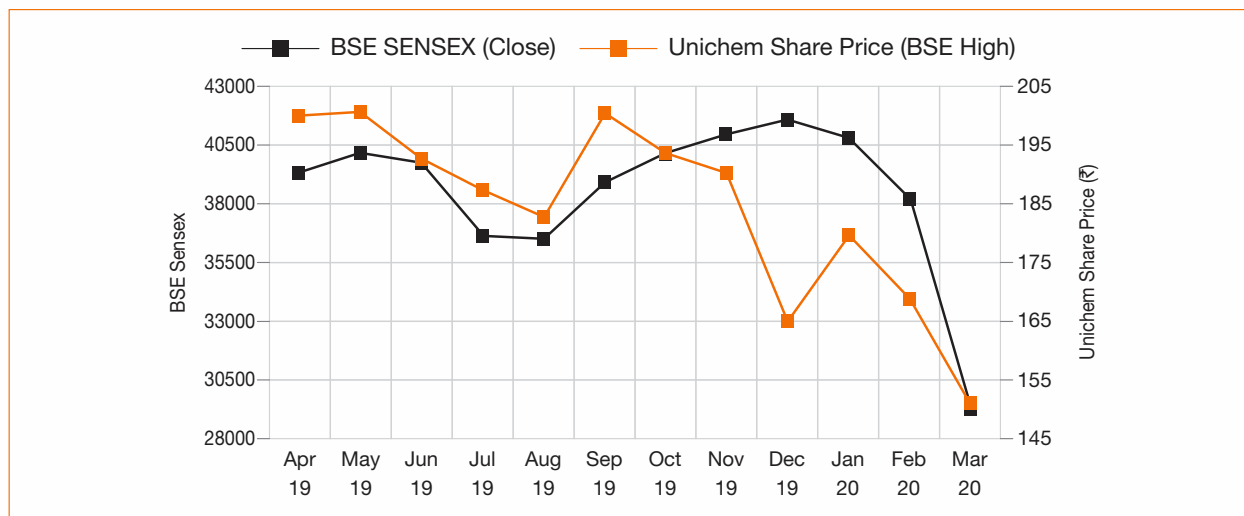
Ms. Shalini Kamath / Mr. Dilip Bhor  
Unichem Bhavan, Prabhat Estate, Off S. V. Road  
Jogeshwari (West), Mumbai - 400 102  
Tel.: (022) 6688 8478 / 439  
E-mail Id.: [shares@unichemlabs.com](mailto:shares@unichemlabs.com)

## Market Price data

(Figures in ₹)

Month	High (BSE)	Low (BSE)	High (NSE)	Low (NSE)
April, 2019	200.45	187.70	198.45	188.90
May, 2019	200.60	172.00	201.00	171.60
June, 2019	192.00	169.35	194.35	170.00
July, 2019	189.00	158.35	189.90	160.15
August, 2019	183.40	162.15	183.90	162.10
September, 2019	200.60	169.40	201.00	169.15
October, 2019	194.95	175.75	196.00	176.00
November, 2019	191.00	141.75	191.30	141.30
December, 2019	165.15	153.00	166.95	151.85
January, 2020	179.85	158.20	180.00	131.15
February, 2020	168.00	131.05	168.90	160.05
March, 2020	151.35	75.10	155.85	80.00

## Share Performance of the Company in comparison to broad based indices of BSE-Sensex



## Distribution of Shareholding on March 31, 2020

Sr. No.	No. of shares held (From - To)	No. of Share Holders	% of Total Share Holders	No. of Shares	% of Issued Capital
1	1 – 1,000	34,137	91.18	62,08,757	8.82
2	1,001 – 2,000	1,385	3.70	20,81,094	2.96
3	2,001 – 4,000	898	2.40	25,93,225	3.68
4	4,001 – 6,000	432	1.15	21,33,234	3.03
5	6,001 – 8,000	181	0.48	12,34,136	1.75
6	8,001 – 10,000	88	0.24	8,16,489	1.16
7	10,001 – 20,000	169	0.45	23,61,209	3.35
8	20,001 – Above	148	0.40	5,29,77,606	75.25
	<b>Grand-Total</b>	<b>37,438</b>	<b>100.00</b>	<b>7,04,05,750</b>	<b>100.00</b>

## Shareholding Pattern as on March 31, 2020

Table I - Statement showing shareholding pattern of the Promoter and Promoter Group				
Sr. No.	Category	No. of shareholders	No. of equity shares held	% of shareholding
1	Indian			
	(a) Individuals	4	3,56,78,971	50.68
	(b) Central Government / State Government(s)	-	-	-
	(c) Financial Institutions / Banks	-	-	-
	(d) Any Other (Specify) - Promoter Trust	3	47,385	0.06

Table II - Statement showing shareholding pattern of the Public shareholders				
1	Institutions			
	(a) Mutual Fund	3	62,07,160	8.82
	(b) Alternate Investment Funds	-	-	-
	(c) Foreign Portfolio Investor	24	12,40,326	1.76
	(d) Financial Institutions / Banks	5	1,23,916	0.18
	(e) Insurance Companies	3	3,26,789	0.46
	(f) Foreign Bank	1	500	0.00
2	Non-Institutions			
	(a) Individuals			
	i. Individual shareholders holding nominal share capital up to ₹2 Lakhs.	33,225	1,78,93,625	25.42
	ii. Individual shareholders holding nominal share capital in excess of ₹2 Lakhs.	11	32,48,438	4.61
	(b) Any Other (Specify)			
	IEPF	1	5,30,738	0.75
	Trusts	3	59,862	0.09
	Foreign Nationals	1	4,646	0.01
	Hindu Undivided Family	1,971	12,51,255	1.78
	Non Resident Indians (Non Repat.)	253	6,94,220	0.99
	Other Directors	9	1,64,360	0.23
	Non Resident Indians (Repat.)	355	1,79,816	0.26
	Clearing Member	105	1,07,200	0.14
	Market Maker	1	2	0.00
	Bodies Corporate	377	26,46,541	3.76
	Total	36,355	7,04,05,750	100.00

## Financial Calendar (Tentative)

Results for the Quarter and Year ending on	Tentative date
Unaudited results for the first quarter ending June 30, 2020	Last week of July 2020
Unaudited results for the second quarter and half year ending September 30, 2020	Last week of October 2020
Unaudited results for the third quarter and nine months ending December 31, 2020	Last week of January 2021
Audited results for the year ending March 31, 2021	Last week of May 2021

## Auditors Certificate

The Statutory Auditors Certificate on compliance with the conditions of Corporate Governance is annexed herewith.

For and on behalf of the Board of Directors

Mumbai  
June 19, 2020

**Dr. Prakash A. Mody**  
Chairman & Managing Director  
DIN.: 00001285

# Auditors' Certificate on Corporate Governance

To,  
The Members  
**Unichem Laboratories Limited**

## **Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

1. Based on the engagement by the management of Unichem Laboratories Ltd ('the Company'), we have examined details of compliance of conditions of Corporate Governance by the Company for the year ended 31st March, 2020 as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations') pursuant to the Listing Agreement of the Company with the Stock Exchange.

### **Management's Responsibility for compliance with the conditions of Listing Regulations**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

### **Auditor's Responsibility**

3. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied the conditions of Corporate Governance as stipulated in Listing Regulations as applicable mentioned in para 1 above for the year ended 31st March, 2020.
4. Our examination was limited to a review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause/Regulation as applicable. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the 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.

### **Opinion**

7. Based on our examination and according to explanations given to us and representations made by the Directors and management, we certify that during the year ended 31st March, 2020, the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations as applicable mentioned in para 1 above.
8. We further state that such compliance 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.

### **Restrictions on use**

9. The certificate is addressed and provided to the Members of the Company solely for the purpose of compliance with the requirement of the Listing Regulations 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 for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Mumbai  
June 19, 2020

**For N. A. Shah Associates LLP**  
Chartered Accountants  
Firm Registration Number: 116560W/W100149

**Milan Mody**  
Partner  
Membership No.: 103286  
UDIN.: 20103286AAAABU9526



# Independent Auditors' Report to the Members of Unichem Laboratories Limited

To

The Members,

**Unichem Laboratories Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of Unichem Laboratories Limited ("the Company") which comprise the Balance Sheet as at 31st March, 2020, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

3. We conducted our audit of the standalone 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 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 together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

### Emphasis of Matter

4. We draw attention to note 37 of notes to the standalone financial statements, which informs that the General Court of the European Union had on 12th December, 2018 rejected the appeal and confirmed the fine of € 13.96 Million (equivalent to ₹ 11,614.72 Lakhs) imposed by the European Commission jointly and severally on the Company and its subsidiary (Niche Generics Limited, UK). The Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the European Union and outcome of the appeals are awaited. Considering the above, in view of the management, no provision for the aforesaid fine is considered necessary. This matter was also reported earlier under 'Emphasis of Matter' paragraph in our report on the standalone and consolidated financial statements for the year ended 31st March, 2019. Our opinion is not modified in respect of the above matter.

### Key Audit Matters

5. 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.

#### 5.1. Contingent liability as elaborated above in 'Emphasis of Matter' paragraph

As elaborated in 'Emphasis of Matter' paragraph given above, the Company and its subsidiary based on legal advice and merits have filed appeals against the decision of General Court before the Court of Justice of the European Union and outcome of the appeals are awaited. This matter of contingent liability is considered as key audit matter and we have relied on the management's assessment which is supported by legal advice and merits that the aforesaid fine is considered as contingent liability.

Refer to note 36 (ii) and note 37 of the standalone financial statements.

#### 5.2. Impairment test of investment in subsidiaries at UK and Ireland

Investments in subsidiaries are carried in the Company's standalone financial statement at cost less impairment. The carrying value of investments made by the Company in its subsidiaries (Niche Generics Limited, UK and Unichem Laboratories Limited, Ireland) as per standalone financial statements is aggregating ₹8,260.96 Lakhs as at 31st March, 2020. In case of these subsidiaries, there are operating losses in current year, accumulated losses and low net-worth as at balance sheet date. Considering the overall exposure in these subsidiaries, need for impairment test is a key audit matter. Based on the financial projections of the above subsidiaries, the management is of the view that recoverable amount is higher than carrying value of these investments and there is no impairment of investments as at balance sheet date. For the purpose of our audit we have considered the following aspect:

- a. Analytical review of gross margins earned by these subsidiaries.
- b. Discussion with management for business outlook (including future financial projections of the above subsidiaries) and plans for overall turnaround of these subsidiaries.

- c. Evaluated the performance in the current year as compared to last year and prior year achievement as compared to the budget.
- d. Discussion with the auditors of subsidiaries for the basis on which they have concluded that there is no impairment of assets in the books of subsidiary.

Based on our evaluation of management estimates, other information & discussion with the management, we agree with the management views and estimates and conclude that no provision for impairment is required as at date of our audit report.

Refer to note 6.2 of the standalone financial statements.

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

6. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance, Business Responsibility Report and Shareholder's Information, 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 will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

## Management's Responsibility for the Standalone Financial Statements

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

In preparing the standalone financial statements, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

8. 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.
- 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 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 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.

## Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report given in Annexure II. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

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; and
  - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer note 36 (I), 36 (ii), 36 (vi), 36(vii) and note 37 to the standalone financial statements; except certain claims made by the ex-employees whose services were terminated in earlier years and are not acknowledged as debts. The financial impact of these claims cannot be estimated. However in the opinion of the management, these claims are not tenable;
    - 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 **N. A. Shah Associates LLP**  
Chartered Accountants  
Firm Registration Number: 116560W/W100149

**Milan Mody**  
Partner  
Membership No. 103286  
UDIN.: 20103286AAAABV2189

Mumbai  
19th June, 2020

## ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31st MARCH 2020

(Referred to point 9 under the heading "Report on other legal and regulatory requirements" of our report of even date)

- (i) In respect of fixed assets (property, plant and equipment, right of use assets and investment property):
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The Company has a program for conducting physical verification to cover all the items of fixed assets 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, fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties which are freehold are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as right of use assets in the standalone financial statements, the lease agreements are in the name of the Company as at the balance sheet date.
- (ii) The inventories have been physically verified during the year by the management, except for the inventories lying with the third parties as at balance sheet date, which have been confirmed by them. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the requirement of clause (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 of the Order are not applicable to the Company.
- (iv) The Company has complied with the provisions of Section 186 of the Act in respect of the investments made by the Company. Further, there are no loans, guarantees or securities given by the Company which are covered under section 186 of the Act. There are no transactions during the year which are covered under section 185 of the Act and therefore question of commenting on compliance of section 185 of the Act does not arise.
- (v) In our opinion and according to the explanations given to us, the Company has not accepted any deposits. Therefore, question of reporting compliance with directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules framed there under does not arise. We are informed that no order relating to the Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as prescribed by the Central Government for the maintenance of cost records under Section 148 (1) of the Act relating to the manufacture of drugs and pharmaceuticals and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
- (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of account, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable to the Company, during the year with the appropriate authorities. There are no undisputed statutory dues payable in respect to above statutes, outstanding as at 31st March 2020 for a period of more than six months from the date they became payable.
  - (b) According to information and explanations given to us and on the basis of our examination of the records of the Company, there is no disputed sales tax, goods and services tax, service tax, duty of customs, duty of excise and value added tax as on 31st March, 2020 which have not been deposited except the following disputed dues which have not been deposited since the matters are pending with the relevant forum.

(₹ in Lakhs)

Name of the Statutes	Nature of the dues	Disputed amount	Amount paid in protest	Unpaid amount	Period to which it relates	Forum where dispute is pending
The Income tax Act, 1961	TDS and Interest	7.95	-	7.95	FY 2007-2020	In the process of filing rectification/ appeal
The Uttar Pradesh Value Added Tax Act, 2008	Penalty	20.44	-	20.44	FY 2008-2009	Hon'ble High Court of Judicature at Allahabad
The Madhya Pradesh Value Added Tax Act, 2002	Entry Tax and Interest	10.94	2.73	8.21	FY 2015-2016	Additional Commissioner of Commercial tax, Indore
The Madhya Pradesh Value Added Tax Act, 2002	Disallowance of VAT Credit	4.61	1.15	3.46	FY 2012-2013	Additional Commissioner of Commercial tax, Indore
The Madhya Pradesh Value Added Tax Act, 2002	Non Submission of Forms including interest	18.46	4.61	13.85	FY 2016-2017	Additional Commissioner of Commercial tax, Indore

Name of the Statutes	Nature of the dues	Disputed amount	Amount paid in protest	Unpaid amount	Period to which it relates	Forum where dispute is pending
The Madhya Pradesh Value Added Tax Act, 2002	Disallowance of Input tax Rebate	35.97	8.99	26.98	FY 2016-2017	Additional Commissioner of Commercial tax, Indore
The Central Excise Act, 1944	Duty and Penalty	81.44	3.85	77.59	April 2003 to November 2013	Appellate Tribunal (CESTAT)- Mumbai
The Finance Act, 1944 (Service Tax)	Disallowance of Service Tax Credit & Penalty	816.81	28.91	791.10	FY 2008-09 to August 2015	Appellate Tribunal (CESTAT) – Mumbai
The Finance Act, 1944 (Service Tax)	Disallowance of Service Tax Credit	219.00	16.81	202.19	September 2015 to June 2017	Appellate Tribunal (CESTAT) – Mumbai
The Finance Act, 1944 (Service Tax)	Disallowance of Service Tax Credit & Penalty	139.88	5.24	134.64	January 2012 to March 2012	Appellate Tribunal (CESTAT)- Kolkata
The Central Excise Act, 1944	Disallowance of CENVAT Credit	41.42	3.10	38.32	FY 2011-12 to 2012-13	Commissionerate (Appeal)- Siliguri
The Central Excise Act, 1944	Excise Duty Liability	87.95	6.82	81.13	FY 2013-14 to FY 2016-17	Joint Commissioner, CGST & Central Excise, Ujjain
The Central Excise Act, 1944	Disallowance of CENVAT Credit	1.23	0.12	1.11	FY 2013-14 to FY 2016-17	Joint Commissioner, CGST & Central Excise, Ujjain
The Finance Act, 1944 (Service Tax)	Disallowance of CENVAT Credit	1.78	0.18	1.60	FY 2013-14 to FY 2016-17	Joint Commissioner, CGST & Central Excise, Ujjain

- (viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to banks during the year. The Company has not borrowed any money from financial institutions or debenture holders or Government.
- (ix) During the year the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, clause (ix) of paragraph 3 of the Order is not applicable to the Company.
- (x) During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to information and explanation given to us, we have neither noticed nor have been informed by the management, any incidence of fraud by the Company or on the Company by its officers or employees.
- (xi) According to the information and explanations given to us and based on our examination of the records, 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.
- (xii) The Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the standalone financial statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of the clause (xvi) of the Order are not applicable to the Company.

**For N. A. Shah Associates LLP**  
Chartered Accountants  
Firm Registration Number: 116560W/W100149

**Milan Mody**  
Partner  
Membership No. 103286  
UDIN.: 20103286AAAABV2189

Mumbai  
19th June, 2020



**ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020****(Referred to in point 10(f) under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date)****Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 ("the Act")****Opinion**

We have audited the internal financial controls over financial reporting of Unichem Laboratories Limited ("the Company"), as of 31st March, 2020, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**For N. A. Shah Associates LLP**

Chartered Accountants

Firm Registration Number: 116560W/W100149

**Milan Mody**

Partner

Membership No. 103286

UDIN.: 20103286AAAABV2189

Mumbai

19th June, 2020

# Standalone Balance Sheet as at 31st March, 2020

CIN: L99999MH1962PLC012451

(₹ in Lakhs)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>I. ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	3	79,615.13	78,515.58
(b) Right of use assets	4	2,878.65	-
(c) Capital work-in-progress	3	33,083.54	9,025.44
(d) Investment property	5	359.59	365.90
(e) Other Intangible assets	3	-	-
(f) Financial assets			
(i) Investments	6	24,917.28	24,169.70
(ii) Loans	7	7.95	6.39
(iii) Other financial assets	8	1,003.35	974.19
(g) Other non-current assets	9	10,176.48	4,655.20
		<b>1,52,041.97</b>	<b>1,17,712.40</b>
<b>Current assets</b>			
(a) Inventories	10	31,556.80	27,417.85
(b) Financial assets			
(i) Investments	11	41,910.22	80,075.13
(ii) Trade receivables	12	32,309.79	33,134.65
(iii) Cash and bank balances	13		
Cash & cash equivalents		20,307.86	18,865.82
Other bank balances		229.21	236.85
(iv) Loans	14	4.40	5.71
(v) Other financial assets	15	1,532.97	2,365.48
(c) Other current assets	16	22,620.23	23,121.29
		<b>1,50,471.48</b>	<b>1,85,222.78</b>
<b>Non Current Assets held for sale</b>	<b>3.6</b>	<b>-</b>	<b>87.19</b>
<b>TOTAL ASSETS</b>		<b>3,02,513.45</b>	<b>3,03,022.37</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	17	1,408.12	1,407.67
(b) Other equity	18	2,63,310.26	2,71,785.74
		<b>2,64,718.38</b>	<b>2,73,193.41</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	19	148.00	-
(b) Provisions	20	2,351.21	1,459.90
(c) Deferred tax liabilities (net)	21	-	749.57
(d) Other long term liabilities	22	469.21	469.21
		<b>2,968.42</b>	<b>2,678.68</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	1,521.41	-
(ii) Trade payables	24		
Total outstanding dues of micro enterprises and small enterprises		247.91	258.04
Total outstanding dues of creditors other than micro enterprises and small enterprises		20,574.25	19,011.33
(iii) Lease liabilities	19	1.72	-
(iv) Other financial liabilities	25	7,119.37	3,344.79
(b) Other current liabilities	26	4,381.19	3,411.06
(c) Provisions	27	980.80	1,125.06
		<b>34,826.65</b>	<b>27,150.28</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,02,513.45</b>	<b>3,03,022.37</b>
<b>Significant accounting policies &amp; notes</b>	<b>1 - 56</b>		

Notes to Accounts form an integral part of standalone financial statements

As per our report of even date attached

**For N. A. Shah Associates LLP**

Chartered Accountants

Registration No.: 116560W/W100149

**For and on behalf of the Board of Directors**

**Milan Mody**

Partner

Membership No.: 103286

Place: Mumbai

Date: 19<sup>th</sup> June, 2020

**Sandip Ghume**

Deputy Chief

Financial Officer

**Pradeep Bhandari**

Head - Legal &

Company Secretary

**Dr. Prakash A. Mody**

Chairman &

Managing Director

DIN.: 00001285

**Dilip Kunkolienkar**

Director - Technical

DIN.: 02666678

Goa

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

CIN: L99999MH1962PLC012451

(₹ in Lakhs)

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>CONTINUING OPERATIONS</b>			
I Revenue from operations	28	90,488.53	96,773.89
II Other income	29	9,917.01	10,154.23
<b>III Total Income (I+II)</b>		<b>1,00,405.54</b>	<b>1,06,928.12</b>
<b>IV EXPENSES</b>			
Cost of materials consumed (including provisions)	30	40,020.76	44,317.29
Purchases of Stock-in-Trade		104.37	20.86
Changes in inventories of finished goods and work-in-progress	30	(1,849.58)	(3,053.94)
Employee benefits expense	31	20,515.66	17,676.03
Finance costs	32	128.18	61.71
Impairment loss on financial assets	33	-	863.42
Depreciation and amortization expense	3,4	7,108.96	6,171.25
Other expenses	34	40,758.37	43,029.52
<b>Total expenses (IV)</b>		<b>1,06,786.72</b>	<b>1,09,086.14</b>
<b>V Profit/(loss) before tax (III- IV)</b>		<b>(6,381.18)</b>	<b>(2,158.02)</b>
VI Tax expense:			
(1) Current tax	21	-	-
(2) Deferred tax (credit) / charge	21	(749.56)	(2,737.77)
(3) Short / (Excess) provision for tax (earlier years)	21	-	(124.45)
<b>VII Profit / (Loss) for the year from continuing operations (V-VI)</b>		<b>(5,631.62)</b>	<b>704.20</b>
<b>DISCONTINUED OPERATIONS</b>			
VIII Profit / (loss) from discontinued operations	48	-	246.96
IX Tax expenses on discontinued operations	21	-	71.24
<b>X Profit/(loss) from discontinued operations (after tax) (VIII-IX)</b>		<b>-</b>	<b>175.72</b>
<b>XI Profit/(loss) for the year (VII+X)</b>		<b>(5,631.62)</b>	<b>879.92</b>
XII Other Comprehensive Income	35		
A (i) Items that will not be reclassified to profit or loss(net)		299.50	(41.41)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	12.92
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total Other Comprehensive Income</b>		<b>299.50</b>	<b>(28.49)</b>
<b>XIII Total Comprehensive Income for the year (XI+XII)</b>		<b>(5,332.12)</b>	<b>851.43</b>
<b>Earnings per equity share (face value of ₹ 2 each)</b>	<b>49</b>		
XIV Earnings per equity share (for continuing operations):			
(1) Basic		(8.00)	1.00
(2) Diluted		(8.00)	1.00
XV Earnings per equity share (for discontinued operations):			
(1) Basic		-	0.25
(2) Diluted		-	0.25
XVI Earnings per equity share (for discontinued & continuing operations):			
(1) Basic		(8.00)	1.25
(2) Diluted		(8.00)	1.25
<b>Significant accounting policies &amp; notes</b>	<b>1 - 56</b>		

## Notes to Accounts form an integral part of standalone financial statements

As per our report of even date attached

**For N. A. Shah Associates LLP**

Chartered Accountants

Registration No.: 116560W/W100149

**For and on behalf of the Board of Directors**

**Milan Mody**

Partner

Membership No.: 103286

Place: Mumbai

Date: 19<sup>th</sup> June, 2020

**Sandip Ghume**

Deputy Chief

Financial Officer

**Pradeep Bhandari**

Head - Legal &

Company Secretary

**Dr. Prakash A. Mody**

Chairman &

Managing Director

DIN.: 00001285

**Dilip Kunkolienkar**

Director - Technical

DIN.: 02666678

Goa

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

CIN: L99999MH1962PLC012451

## A. Equity Share Capital

Particulars	2019-2020		2018-2019	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Shares outstanding as at the beginning of the year	7,03,83,250	1,407.67	7,03,37,000	1,406.74
Add: Shares allotted under ESOP during the year	22,500	0.45	46,250	0.93
Shares outstanding as at the end of the year	7,04,05,750	1,408.12	7,03,83,250	1,407.67

## B. Other Equity

(₹ in Lakhs)

Particulars	Employee stock options outstanding account	Reserves and Surplus			Other Comprehensive Income		Total
		Securities Premium	Capital Redemption Reserve	Retained Earnings	Remeasurements of defined benefit plans	Equity instrument through OCI	
<b>Balance at 31st March, 2018</b>	<b>59.30</b>	-	<b>412.00</b>	<b>2,74,580.60</b>	<b>(292.04)</b>	-	<b>2,74,759.86</b>
Profit for the year	-	-	-	879.92	-	-	879.92
Other comprehensive income for the year	-	-	-	-	(28.49)	-	(28.49)
Payment of dividends (Incl. Tax on dividend)	-	-	-	(4,239.75)	-	-	(4,239.75)
Recognition of share-based payments (ESOP)	324.71	-	-	-	-	-	324.71
Issue of shares under ESOP	-	89.49	-	-	-	-	89.49
<b>Balance at 31st March, 2019</b>	<b>384.01</b>	<b>89.49</b>	<b>412.00</b>	<b>2,71,220.77</b>	<b>(320.53)</b>	-	<b>2,71,785.74</b>
Profit/(loss) for the year	-	-	-	(5,631.62)	-	-	(5,631.62)
Other comprehensive income for the year	-	-	-	-	(144.60)	444.10	299.50
Payment of dividends (Incl. Tax on dividend)	-	-	-	(3,395.11)	-	-	(3,395.11)
Transfer to retained earnings	(109.63)	-	-	109.63	-	-	-
Recognition of share-based payments (ESOP) (net)	208.22	-	-	-	-	-	208.22
Issue of shares under ESOP	-	43.53	-	-	-	-	43.53
<b>Balance at 31st March, 2020</b>	<b>482.60</b>	<b>133.02</b>	<b>412.00</b>	<b>2,62,303.67</b>	<b>(465.13)</b>	<b>444.10</b>	<b>2,63,310.26</b>

### Significant accounting policies & notes 1 - 56

Notes to Accounts form an integral part of standalone financial statements

#### Employee stock options outstanding account

The fair value of the equity-settled share based payment transactions with employees is recognised in standalone statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

#### 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. The utilisation of securities premium is in accordance with the section 52 of the Companies Act, 2013.

#### Capital redemption reserve

The Company had recognised capital redemption reserve on buyback of equity shares from its retained earnings. The amount in capital redemption reserve is equal to nominal amount of the equity shares bought back. This reserve will be utilised in accordance with the section 69 of the Companies Act, 2013

#### Other comprehensive income

- The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The remeasurement gains/(losses) are recognised in other comprehensive income and accumulated under this reserve within equity. The amounts recognised under this reserve are not reclassified to profit or loss.
- Equity instrument through OCI represents changes in fair value of equity instruments which are measured at fair value through OCI, net off taxes.

As per our report of even date attached

**For N. A. Shah Associates LLP**

Chartered Accountants

Registration No.: 116560W/W100149

**For and on behalf of the Board of Directors**

**Milan Mody**

Partner

Membership No.: 103286

Place: Mumbai

Date: 19<sup>th</sup> June, 2020

**Sandip Ghume**

Deputy Chief

Financial Officer

**Pradeep Bhandari**

Head - Legal &

Company Secretary

**Dr. Prakash A. Mody**

Chairman &

Managing Director

DIN.: 00001285

**Dilip Kunkolienkar**

Director - Technical

DIN.: 02666678

Goa

# Standalone Statements of Cash Flows for the year ended 31st March, 2020

CIN: L99999MH1962PLC012451

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>A. Cash Flow from Operating Activities</b>		
Net Profit/(loss) before tax from continuing operations	(6,381.18)	(2,158.02)
Net Profit/(loss) before tax from discontinued operations	-	246.96
<b>Net Profit before tax</b>	<b>(6,381.18)</b>	<b>(1,911.06)</b>
Adjustments:		
Depreciation / amortisation (including investment property)	7,115.27	6,177.56
Loss / (profit) on sale / discard of property, plant and equipment (net)	187.83	1,027.80
Unrealised exchange difference (net)	(1,263.07)	320.54
Expenses for purchase of investments	-	194.75
Rent income	(44.43)	(190.51)
Guarantee commission income	(93.11)	(252.26)
Finance cost (including interest impact on financial assets / liabilities)	128.18	61.71
Provision for doubtful debts, loans ,advances & deposits (net)	(35.25)	(754.39)
Employees compensation expenses (ESOP)	173.61	349.65
Fair value gain on investments (net)	(2,735.30)	(2,711.05)
Interest income	(3,852.96)	(4,490.62)
Excess provision for expenses written back	(39.70)	(205.75)
Impairment loss on financial assets		
- investments in subsidiary	-	302.83
- inter corporate deposits & interest thereon	-	560.59
Dividend income	(157.64)	(1,099.12)
Operating Profit/(loss) Before Working Capital Changes	(616.57)	(708.27)
	(6,997.75)	(2,619.33)
Working capital Adjustments :		
Trade receivables & other assets	3,392.10	(13,798.82)
Inventories	(4,138.95)	(6,642.25)
Trade payable & other liabilities	3,295.83	(1,349.77)
	2,548.98	(21,790.84)
Cash generated from / (used in) operations	(4,448.77)	(24,410.17)
Direct taxes refund received / (payment made)	264.58	(720.03)
<b>Net Cash Flow from/(used in) Operating Activities</b>	<b>(4,184.19)</b>	<b>(25,130.20)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of property, plant & equipment including Capital WIP	(37,886.89)	(19,181.98)
Proceeds from sale of property, plant and equipment	203.21	276.33
Investments made		
- in subsidiaries (at cost)	(143.73)	(3,851.72)
- others (FVTOCI) [including incidental acquisition expenses]	-	(12,195.37)
Sale / (purchase) of current investment (net)	29,614.92	(2,524.49)
Inter - Corporate deposits (placed) / Matured	-	(500.00)
Rent received (including amount received in advance)	44.43	40.31
(Increase) / decrease in escrow bank accounts	7.64	1,092.79
Interest received	4,443.85	3,482.35
Dividend received	157.64	1,099.12
<b>Net cash flow from / (used in) Investing Activities</b>	<b>(3,558.93)</b>	<b>(32,262.66)</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase / (decrease) in working capital borrowings (net)	1,425.63	-
Proceeds from employee stock option plan	10.35	21.28
Receipt / (payment) of long term loan from BIRAC	-	(46.94)
Payments of Lease liability	(15.64)	-
Finance cost paid (Incl. interest impact on financial assets / liabilities)	(118.52)	(228.59)
Dividend paid (inclusive of dividend tax)	(3,403.36)	(4,234.58)
<b>Net cash flow from/(used) in Financing Activities</b>	<b>(2,101.54)</b>	<b>(4,488.83)</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(9,844.66)</b>	<b>(61,881.69)</b>
Cash and Cash Equivalents at the beginning of the year	18,865.82	66,030.88
Add: Current Investments reclassified as cash and cash equivalents during the year	11,286.70	14,716.63
	30,152.52	80,747.51
<b>Cash and Cash Equivalents at year end</b>	<b>20,307.86</b>	<b>18,865.82</b>

## Significant accounting policies & notes

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Notes: 1. Changes in financing liabilities arising from cash and non-cash changes applicable for current year. In previous year, there were no such transactions. (₹ in Lakhs)

Particulars	1st April 2019	Cash inflows / (outflows)	Non-cash changes	31st March 2020
Short term borrowings (packing credit) - non cash changes arising out of exchange rate fluctuations	-	1,425.63	95.78	1,521.41
Lease liabilities - non cash changes arising out of unwinding of liabilities	151.71	(15.64)	13.65	149.72

## Notes to Accounts form an integral part of standalone financial statements

As per our report of even date attached

**For N. A. Shah Associates LLP**

Chartered Accountants

Registration No.: 116560W/W100149

**Milan Mody**

Partner

Membership No.: 103286

Place: Mumbai

Date: 19<sup>th</sup> June, 2020

**Sandip Ghume**

Deputy Chief

Financial Officer

**Pradeep Bhandari**

Head - Legal &

Company Secretary

**For and on behalf of the Board of Directors**

**Dr. Prakash A. Mody**

Chairman &

Managing Director

DIN.: 00001285

**Dilip Kunkolienkar**

Director - Technical

DIN.: 02666678

Goa



# Notes to the Standalone Financial Statements

## for the year ended 31st March, 2020

### 1. Company Overview

Unichem Laboratories Limited ("the Company") is a Public Company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. Its shares are listed and traded on the Bombay Stock Exchange and National Stock Exchange in India. The registered office of the Company is located at "Unichem Bhavan", Prabhat Estate, off SV Road, Jogeshwari (west), Mumbai 400 102.

The Company is engaged in manufacturing of pharmaceutical products.

The financial statements of the Company for the year ended 31st March, 2020 were approved and adopted by the board of directors of the Company in their meeting dated 19th June, 2020.

### 2. Significant accounting policies

#### 2.1. Statement of compliance

These standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended for rules issued thereafter, the provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### 2.2. Basis of preparation and presentation

These standalone financial statements have been prepared on the historical cost convention and on accrual basis except for the following assets and liabilities which have been measured at fair value:

- i) Certain financial assets and liabilities (including derivative instruments);
- ii) Defined benefit plans – plan assets;
- iii) Equity settled share based payments;
- iv) Assets held for sale

The financial statements are in accordance with Division II of Schedule III to the Act, as applicable to the Company.

#### 2.3. Current and non-current classification

All assets and liabilities are presented in the Balance Sheet based on current or non-current classification as per Company's normal operating cycle and other criteria set out in the division II of Schedule III of the Act.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities.

#### 2.4. Functional currency and presentation of currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee, which is the Company's functional and presentation currency. All amounts are rounded off to the nearest rupees in lakhs.

#### 2.5. Use of significant accounting estimates, judgements and assumptions

The preparation of the financial statements requires the management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported balances of assets and liabilities, disclosure of contingent assets and liabilities as on the date of financial statements and reported amounts of income and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below:

- i) Estimation of useful life of Property, plant and equipment (refer note no 2.8 and 3)
- ii) Impairment of Property, plant and equipment and Capital work-in-progress (refer note no 2.12 and 3)
- iii) Estimation of provisions and contingent liabilities (refer note no 2.17, 27 and 36)
- iv) Estimation of defined benefit plan and other long term benefits (refer note no 2.18, 20, 27 and 45)
- v) Fair value measurement and impairment of financial instruments (refer note no 2.28, 33 and 55)
- vi) Recognition of "Right of use" of assets as per the requirement of Ind AS 116. (refer note no. 2.15, 4, 19, 47(I))

#### 2.6. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised on satisfaction of performance obligation as per contract and upon transfer of control of products to customers.

Revenue is measured at the transaction price that is allocated to that performance obligation. Amounts disclosed as revenue are net of indirect taxes, discounts, rebates, expiry claims and sales returns.

Income from services including commission income, product development revenue and licence fees income is recognised when the services are rendered or when contracted milestones have been achieved and is recorded net of indirect taxes.

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

Interest income on financial assets is recognised using the effective interest rate.

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of dividend can be measured reliably.

Rental income on investment property given under operating lease arrangement is recognised on straight line basis over the lease term in accordance with terms of agreement. Rental income is recorded net of indirect tax and expenses which are directly attributable to investment property.

Revenue includes commission recognised on guarantee given to banks and corporate guarantee given to or on behalf of subsidiaries.

## 2.7. Taxes

Income Tax expenses for the year comprises of current tax, deferred tax charge or credit, minimum alternate tax credit and adjustments of taxes for earlier years that may become necessary due to certain developments or reviews during the relevant period. In respect of amounts adjusted outside the statement of profit or loss (i.e. in other comprehensive income or equity), the corresponding tax effect, if any, is also adjusted in other comprehensive income or in equity and not in the statement of profit or loss.

### Current tax

Provision for current tax is made as per the provisions of Income Tax Act, 1961. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

### Minimum Alternate Tax Credit

The Company recognises tax credits in the nature of Minimum Alternative Tax (MAT) credit as an asset only to the extent that there is convincing evidence that the Company will pay normal tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognises tax credits as an asset, the said asset is created by way of tax credit to the statement of profit and loss.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. In situations where the Company has unused tax losses and unused tax credits, deferred tax assets are recognised only if it is probable that they can be utilized against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each Balance Sheet date.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become probable that future taxable profit allow deferred tax assets to be recovered.

### Dividend Distribution Tax

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognised in statement of changes in equity as part of associated dividend payment.

## 2.8. Property, plant and equipment (Tangible Assets) and depreciation

Subsequent to transition to Ind AS, property, plant and equipment are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Gross carrying amount of all property, plant and equipment are measured using cost model.

Cost of an item of property, plant and equipment includes purchase price including non-refundable taxes and duties, borrowing cost directly attributable to the qualifying asset, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and the present value of the expected cost for the dismantling/decommissioning of the asset.

Cost for subsequent additions comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditures are added to its gross book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

The Company identifies and determines cost of each component/part of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful life that is materially different from that of the remaining plant and equipment.

Pre-operation expenses and trial runs (net of revenue) and borrowing cost directly attributable to the cost of construction of the qualifying asset are treated as part of the project cost and are capitalized / allocated to the cost of asset in the year in which the project is completed. Administrative and other expenses which are not directly related to construction are charged to statement of profit and loss.

Gains or losses arising from de-recognition of tangible property, plant and equipment are recognised in the Statement of Profit and Loss.

Depreciation is provided on all assets (other than free hold land and capital work-in-progress), on pro-rata basis, using following methods based on the respective estimate of useful lives as given below:

- a) Straight-Line Method on buildings, plant and machinery, computers and servers
- b) Written Down Value Method for others

The management believes that useful lives currently used is as prescribed under Part C of Schedule II to the Companies Act, 2013, fairly reflect its estimate of the useful lives and residual values of property, plant and equipment.

Estimated useful lives of the Property, Plant and Equipments are as follows:

Nature of assets	Useful life
Leasehold land [upto 31st March 2019] – also refer note 2.15	Over lease period [30 to 90 years]
Factory buildings on leasehold land	Lower of 30 years or balance lease period
Buildings on freehold land	30 to 60 years
Roads	3 to 10 years
Plant and equipment's [other than below ]	10 to 15 years
Plant and equipment's [continuous processing assets and other special equipment's related to Pharma industry]	20 to 25 years
Furniture and fixture	10 years
Vehicles	8 years
Office equipments	3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under "Other non-current assets". Cost of assets under construction / acquisition / not put to use at the Balance sheet date are disclosed under "Capital work-in-progress".

## 2.9. Intangible assets and amortisation

Intangible assets acquired separately are measured at cost of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Intangible assets comprise computer softwares / licenses [other than standalone softwares / licenses] which are fully amortised during the year of capitalisation. The estimated useful life of intangible assets is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

Other standalone softwares / licenses cost are fully charged off to Statement of Profit and Loss in the year of expenditure. These softwares / licenses are for administrative purposes.

## 2.10. Investment property

Property that is held for long-term rentals yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Subsequent to transition to Ind AS, investment properties are measured at its cost, including related transaction costs and where applicable borrowing costs less depreciation and impairment if any. Depreciation on building held as Investment Property is provided over its useful life (of 60 years) using the straight line method.

## 2.11. Non-Current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Non-current assets and liabilities classified as held for sale are presented separately from the other assets and liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

## 2.12. Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of a) fair value of assets less cost of disposal and b) its value in use. Value in use is the present value of future cash flows expected to derive from an asset or Cash-Generating Unit (CGU).

Based on the assessment done at each balance sheet date, recognised impairment loss is further provided or reversed depending on changes in circumstances. After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. If the conditions leading to recognition of impairment losses no longer exist or have decreased, impairment losses recognised are reversed to the extent it does not exceed the carrying amount that would have been determined after considering depreciation / amortisation had no impairment loss been recognised in earlier years.

## 2.13. Research and development expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized.

Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, plant and equipment and depreciation.

## 2.14. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. As at the Balance Sheet date, foreign currency monetary items are translated at closing exchange rate. Exchange difference arising on settlement or translation of foreign currency monetary items are recognised as income or expense in the year in which they arise.

Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate at the date of transaction. Foreign currency non-monetary items which are measured at fair value are reported using the exchange rate at the date when the fair value is determined. Exchange difference arising on fair valuation of non-monetary items is recognised in line with the gain or loss of item that give rise to such exchange difference (i.e. translation differences on items whose gain or loss is recognised in statement of profit and loss or other comprehensive income is also recognised in statement of profit or loss or other comprehensive income respectively).

## 2.15. Leases

### Policy applicable from 1st April, 2019

The Company has applied Ind AS 116 - "Leases" from 1st April, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17 - "Leases".

Right-of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the standalone balance sheet as at 31st March, 2019. The details of the changes in accounting policies are disclosed in note 4, 19, 47(l) of the standalone financial statements.

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. The

Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

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 comprise of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date net of lease incentive received, 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.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

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. The lease liability is measured at amortised cost using the effective interest method.

Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

#### **Policy applicable before 1st April, 2019**

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

#### **2.16. Inventories**

Inventories consists of raw materials, packing materials, stores and spares, stock-in-trade, work-in-progress and finished goods. Inventories of raw materials, packing material, stores and spares are valued at cost and other inventories are valued at lower of cost and net realisable value after providing for obsolete / slow moving items. Cost is determined on weighted average basis.

Cost includes cost of purchase, non-refundable taxes and other costs / overheads incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

#### **2.17. Provisions, contingent liabilities and contingent assets**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

#### **2.18. Employee benefits**

##### **i) Short-term employee benefit**

All employee benefits falling due wholly within twelve months after the end of the reporting period are classified as short term employee benefits and they are recognised as an expense at the undiscounted amount in the statement of profit and loss in the period in which the employee renders the related service.



**ii) Post-employment benefits****a. Defined contribution plan**

The Company contributes fixed contribution to a government administered fund towards Provident Fund, Labour Welfare Fund, and Employee State Insurance Scheme and will have no legal or constructive obligation to pay further contribution.

Certain employees of the Company are participants in Superannuation plan. The Company has no further obligations to the Superannuation plan beyond its monthly contributions which are periodically contributed to "Unichem Laboratories Limited Employees Superannuation Fund Trust", the corpus of which is invested with the Life Insurance Corporation of India.

The Company's contribution to defined contribution plans are recognised in the statement of profit and loss in the period in which the employee renders the related services.

**b. Defined benefit plan**

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations. The Company fully contributes all ascertained liabilities to "Unichem Laboratories Limited Employees Gratuity Fund Trust", the corpus of which is invested with the Life Insurance Corporation of India.

The current service cost and interest on the net defined benefit liability / (asset) is recognised in the statement of profit and loss. Past service cost are immediately recognised in the statement of profit and loss. Actuarial gains and losses net of deferred taxes arising from experience adjustment and changes in actuarial assumptions are recognised in other comprehensive income and are not reclassified to statement of profit or loss in subsequent periods. Gains or losses on the curtailment or settlement of defined benefit plan are recognised when the curtailment or settlement occurs.

**iii) Other long-term benefits**

The Company has other long-term benefits in the form of leave benefits and long-term bonus. The present value of the obligation is determined based on actuarial valuation using the projected unit credit method carried out by independent actuary. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations. Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions are recognised immediately in the statement of profit and loss as income or expense. Gains or losses on the curtailment or settlement of other long-term benefits are recognised when the curtailment or settlement occurs.

**2.19. Equity settled share-based payments**

Equity-settled share based payments to employees are measured at the fair value (i.e. excess of fair value over the exercise price of the option) of the Employee Stock Options Plan at the grant date. The fair value of option at the grant date is calculated by Black-Scholes model. In case the options are granted to employees of the Company, the fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the Company's estimate of options that will eventually vest, with a corresponding increase in equity. In case of the options granted to employees of Company's subsidiaries, the fair value of options granted to employees of the subsidiary companies are considered as capital contribution / investment.

The dilutive effect of outstanding options is reflected in determining the diluted earnings per share.

**2.20. Operating Segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Operating Segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the CODM, in deciding how to allocate resources and assessing performance.

**2.21. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest expenses calculated as per effective interest method, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

**2.22. Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with its conditions.

Government grants relating to income are recognised in the statement of profit and loss over the period necessary to match

them with the costs that they are intended to compensate. In case of Exports Promotion Capital Goods (EPCG) scheme, government grants is recognised in the statement of profit and loss over the period of fulfilment of export obligation.

Government grants relating to the assets are credited in the statement of profit and loss over the expected useful life of the assets.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the fair value of the loan and the proceeds received.

#### **2.23. Dividend distribution**

Final equity dividends on shares are recorded as a liability on the date of approval by the shareholders and interim equity dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

#### **2.24. Share Capital**

Ordinary shares are classified as equity. Transaction cost related to buy-back of equity shares is reduced from the retained earnings / reserves, net of tax effects.

#### **2.25. Earnings per equity share**

The Basic earnings per equity share is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders of the Company by weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share are computed by dividing the net profit / (loss) attributable to equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, share split, etc.

#### **2.26. Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short term deposits, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short term deposits, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company's cash management.

#### **2.27. Cash flow statement**

Cash Flows are reported using Indirect Method, whereby profit / (loss) for the year 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 items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### **2.28. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

##### **Effective interest method:**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

##### **Financial assets:**

##### **Cash and bank balances**

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short term highly liquid investments / mutual funds (with zero exit load at the time of investment) that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Other bank balances includes balances and deposits with bank that are restricted for withdrawal and usage.

##### **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets measured at fair value**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In respect of equity investments (other than joint ventures) which are not held for trading, the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

**Investment in Subsidiaries and Associates**

Subsequent to transition to Ind AS, the Company has accounted for its investments in Subsidiaries and Associates at cost less accumulated impairment losses, if any in its separate financial statements. Where an indication of impairment exists, the carrying amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

**Impairment of financial assets [other than investment in subsidiaries and associates]**

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit and loss.

**De-recognition of financial assets**

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Financial liabilities and equity instruments****Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Financial liabilities**

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

**De-recognition of financial liabilities**

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**2.29. New Ind AS & amendments to existing Ind AS issued but not effective as at 31st March 2020**

Ministry of Corporate Affairs has not notified new standards or amendments to the existing standards which would have been effective from 1st April, 2020.

## 3 PROPERTY, PLANT & EQUIPMENT

(₹ in Lakhs)

Particulars	Property, Plant & equipment								Capital work-in-progress	Other Intangible Assets		
	Freehold land	Leasehold land	Buildings **	Plant & equipments	Furniture & fixture	Vehicles	Office equipment	Total		Software Licenses	Total Other Intangible Assets	
<b>Gross carrying value, at cost</b>												
As at 31st March, 2018	378.01	1,703.05	22,313.48	39,952.56	502.33	311.35	347.63	65,508.41	23,553.08	-	-	
Additions	-	1,338.46	7,599.08	20,513.33	211.45	159.73	294.35	30,116.40	12,514.04	32.59	32.59	
Disposal	-	-	207.51	1,342.60	24.17	139.79	5.69	1,719.76	27,041.68	-	-	
<b>As at 31st March, 2019</b>	<b>378.01</b>	<b>3,041.51</b>	<b>29,705.05</b>	<b>59,123.29</b>	<b>689.61</b>	<b>331.29</b>	<b>636.29</b>	<b>93,905.05</b>	<b>9,025.44</b>	<b>32.59</b>	<b>32.59</b>	
Additions	189.77	-	1,600.67	8,587.66	567.40	7.27	201.30	11,154.07	36,074.51	91.95	91.95	
Disposal	-	-	84.06	1,118.11	75.99	75.27	20.56	1,373.99	12,016.41	-	-	
Reclassified on account of adoption of Ind AS 116 (refer note 4)	-	3,041.51	-	-	-	-	-	3,041.51	-	-	-	
<b>As at 31st March, 2020</b>	<b>567.78</b>	<b>-</b>	<b>31,221.66</b>	<b>66,592.84</b>	<b>1,181.02</b>	<b>263.29</b>	<b>817.03</b>	<b>1,00,643.62</b>	<b>33,083.54</b>	<b>124.54</b>	<b>124.54</b>	
<b>Accumulated Depreciation / amortisation</b>												
As at 31st March, 2018	-	170.52	1,828.64	7,860.80	228.49	125.19	182.85	10,396.49	-	-	-	
Charge for the year	-	55.84	1,081.94	4,688.41	93.10	74.17	145.20	6,138.66	-	32.59	32.59	
Charged to CWIP	-	1.04	-	-	-	-	-	1.04	-	-	-	
Disposal	-	-	21.65	1,008.71	4.62	110.50	1.24	1,146.72	-	-	-	
<b>As at 31st March, 2019</b>	<b>-</b>	<b>227.40</b>	<b>2,888.93</b>	<b>11,540.50</b>	<b>316.97</b>	<b>88.86</b>	<b>326.81</b>	<b>15,389.47</b>	<b>-</b>	<b>32.59</b>	<b>32.59</b>	
Charge for the year - Depreciation & amortization	-	-	1,311.35	5,283.96	128.24	75.49	157.52	6,956.56	-	91.95	91.95	
Disposal	-	-	10.78	918.00	73.98	69.20	18.18	1,090.14	-	-	-	
Reclassified on account of adoption of Ind AS 116 (refer note 4)	-	227.40	-	-	-	-	-	227.40	-	-	-	
<b>As at 31st March, 2020</b>	<b>-</b>	<b>-</b>	<b>4,189.50</b>	<b>15,906.46</b>	<b>371.23</b>	<b>95.15</b>	<b>466.15</b>	<b>21,028.49</b>	<b>-</b>	<b>124.54</b>	<b>124.54</b>	
<b>Net book value</b>												
As at 31st March, 2020	567.78	-	27,032.16	50,686.38	809.79	168.14	350.88	79,615.13	33,083.54	-	-	
As at 31st March, 2019	378.01	2,814.11	26,816.12	47,582.79	372.64	242.43	309.48	78,515.58	9,025.44	-	-	

\*\* Buildings include one Flat amounting to ₹ 97.16 Lakhs (P.Y. ₹ 97.16 Lakhs) where the co-operative society is yet to be formed.

Notes :

1. Building includes cost of shares in cooperative societies ₹ 0.56 Lakhs (P.Y. ₹ 0.56 Lakhs)

2. Capital work-in-progress includes ₹ 10,431.73 Lakhs (P.Y. ₹ 2,697.87 Lakhs) on account of cost of construction

3. The amount of capital commitment disclosed in note 38(a)

4. During the year, certain property plant and equipment were hypothecated / mortgaged as security for borrowing as disclosed under note 39.

5. Addition to property plant and equipment and CWIP includes ₹ 1,584.57 Lakhs (P.Y. ₹ 1,949.88 Lakhs) being expenditure on Research and Development as under:

(₹ in Lakhs)

Assets Description	2019-2020	2018-2019
Buildings	7.39	129.66
Plant & Machinery	1,506.52	1,779.63
Furniture & Fixtures	10.73	6.68
Office Equipment	14.01	18.19
Capital Work in Progress	45.92	15.72
<b>Total</b>	<b>1,584.57</b>	<b>1,949.88</b>

6. Non Current Assets held for sale as on 31st March 2019 represents plant and equipment which are held for disposal and valued at the lower of their carrying amount and fair value less costs to sell. These assets are expected to be disposed off in the next 12 months. Expected loss on above assets is recognised and grouped under Other expenses (loss on sale /discard of Property, plant and equipment- note 34)

## 4 RIGHT OF USE ASSETS

Following are the changes in the carrying value of right of use assets for the year ended 31st March, 2020:

(₹ in Lakhs)

Particulars	Category of ROU assets (Land)
<b>Balance as at 1st April, 2019</b>	
Reclassified on account of adoption of Ind AS 116	2,814.11
Additions - transition adjustment as on 1st April 2019	151.71
Additions	17.70
Deletions	-
Depreciation	(60.45)
Depreciation charged to CWIP	(44.42)
<b>Balance as at 31st March, 2020</b>	<b>2,878.65</b>

Refer note - 47(i)

The Company holds leasehold land against which there is annual payment over the lease period which is in range of 24-75 years and is non-cancellable. The terms and conditions includes extension of the lease period subject to fulfillment of the conditions as per lease agreements.

## 5 INVESTMENT PROPERTY

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Gross Carrying amount</b>		
Opening gross Carrying amount	398.81	398.81
Additions	-	-
<b>Closing gross carrying amount</b>	<b>398.81</b>	<b>398.81</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	32.91	26.60
Depreciation charge(netted off from rent income)	6.31	6.31
<b>Closing accumulated depreciation</b>	<b>39.22</b>	<b>32.91</b>
<b>Net carrying Amount</b>	<b>359.59</b>	<b>365.90</b>

i) Amounts recognised in statement of profit and loss for investment property

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Rental Income	44.29	40.60
Depreciation	6.31	6.31
<b>Net income from investment property</b>	<b>37.98</b>	<b>34.29</b>

ii) Operating lease agreement is cancellable. The fair value of the property is not readily available however based on the annual rent income earned by the company, the fair value would be higher than the carrying value of the assets.

## 6 INVESTMENTS (NON-CURRENT)

Particulars	No of Shares		Face value	₹ in lakhs	
	As at 31st March, 2020	As at 31st March, 2019		As at 31st March, 2020	As at 31st March, 2019
<b>(I) At Cost :</b>					
<b>UNQUOTED</b>					
<b>Equity Instruments of subsidiaries (fully Paid)</b>					
Unichem Farmaceutica Do Brasil Ltda	3,01,33,683	3,01,33,683	1 Brasil Real	7,086.72	7,086.72
Less : Impairment in value of investments (refer note 41)				(7,086.72)	(7,086.72)
<b>Sub Total</b>				-	-
Niche Generics Limited, UK * (refer note 6.2)	56,25,000	41,25,000	1 Pound	6,988.39	5,843.93
Unichem SA Pty Limited	19,000	19,000	10 SA Rand	12.14	12.14
Unichem Pharmaceuticals USA Inc.*	64,76,955	64,76,955	1 US\$	3,480.32	3,308.53
Unichem Laboratories Limited, Ireland *					
(refer note 6.2)	17,00,000	17,00,000	1 Euro	1,272.57	1,262.88
Unichem ( China ) Pvt. Ltd	-	-	-	143.73	-
<b>Sub Total</b>				<b>11,897.15</b>	<b>10,427.48</b>
<b>Equity Instruments of Associates (fully Paid)</b>					
Synchron Research Services Private Limited	2,08,333	2,08,333	₹ 10	569.31	569.31
<b>Sub Total</b>				<b>569.31</b>	<b>569.31</b>
<b>Total (a)</b>				<b>12,466.46</b>	<b>10,996.79</b>
<b>Preferences Shares of subsidiaries (fully Paid)</b>					
12% Redeemable Preference Shares					
Niche Generics Limited, UK (refer note 6.1 & 6.2)	-	15,00,000	1 Pound	-	1,164.79
<b>Total (b)</b>				-	<b>1,164.79</b>
<b>Total of Investments measured at cost (a+b)</b>				<b>12,466.46</b>	<b>12,161.58</b>
<b>(II) At fair value through profit and loss (FVTPL)</b>					
<b>UNQUOTED</b>					
<b>Equity Instruments (fully Paid)</b>					
Mediklin Healthcare Limited	2,02,500	2,02,500	₹ 10	-	-
Shivalik Solid Waste Management Limited	20,000	20,000	₹ 10	2.00	2.00
<b>Sub Total</b>				<b>2.00</b>	<b>2.00</b>
<b>QUOTED</b>					
<b>Equity Instruments (fully Paid)</b>					
Jindal Polyfilm Limited	2,000	2,000	₹ 10	4.01	5.27
Jindal Poly Investment and Finance Company Ltd	500	500	₹ 10	0.05	0.17
Aurobindo Pharma Ltd	8	8	₹ 1	0.03	0.06
Kothari Industrial Corporation Ltd	20	20	₹ 5	-	-
<b>Sub Total</b>				<b>4.09</b>	<b>5.50</b>
<b>Total of Investments measured at FVTPL</b>				<b>6.09</b>	<b>7.50</b>
<b>(III) At fair value through Other comprehensive Income (FVTOCI)</b>					
<b>UNQUOTED</b>					
<b>Equity Instruments (fully Paid)</b>					
Optimus Drugs Private Limited	17,04,034	17,04,034	₹ 10	7,344.39	7,208.06
Oprix Laboratories Private Limited	21,98,423	21,98,423	₹ 10	5,100.34	4,792.56
<b>Total of Investments measured at FVTOCI</b>				<b>12,444.73</b>	<b>12,000.62</b>
<b>Total</b>				<b>24,917.28</b>	<b>24,169.70</b>
Aggregate book value of unquoted investments				24,913.19	24,164.20
Aggregate amount of impairment in value of investments				(7,086.72)	(7,086.72)
Aggregate book value of quoted investments				4.09	5.50
Aggregate market value of quoted investments				4.09	5.50

\* Increase in investments includes additional contributions by the Company in subsidiaries in the form of guarantee commission and share based payments to employee of subsidiary.

6.1 During the current year, these preference shares are converted to equity shares and accrued dividend have been waived.

6.2 In case of these subsidiaries, there are operating losses in current year, accumulated losses and low net-worth as at balance sheet date. Based on the financial projections of the above subsidiaries, the management is of the view that performance of these subsidiaries is improving and will turnaround. Accordingly, the management considers that the recoverable amount is higher than carrying value of these investments and there is no impairment of assets as at balance sheet date.



**7 LOANS (NON-CURRENT)**

(₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
Unsecured, considered good.				
Loans to Employees		7.95		6.39
<b>Total</b>		<b>7.95</b>		<b>6.39</b>

**8 OTHER FINANCIAL ASSETS - NON CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
Inter Corporate Deposits		500.00		500.00
(Net of provision for Impairment loss of ₹ 500 Lakhs, P.Y. ₹ 500 Lakhs) [refer note no. 33]				
Deposits				
Considered Good		503.35		474.19
Considered Doubtful		78.52		56.04
Less : Allowance for Doubtful deposits		(78.52)		(56.04)
		503.35		474.19
<b>Total</b>		<b>1,003.35</b>		<b>974.19</b>

**9 OTHER NON CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
Capital advances		9,040.98		3,242.83
(Net of provision for Doubtful advances, ₹ 11.86 Lakhs, P.Y. ₹ 11.86 Lakhs)				
Balance with government authorities		52.46		64.75
Advance income tax (net of provision)		1,083.04		1,347.62
<b>Total</b>		<b>10,176.48</b>		<b>4,655.20</b>

**10 INVENTORIES**

(₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
Raw Materials		16,825.10		14,776.24
[Include ₹ 683.59 Lakhs in transit, (P.Y ₹ 1,400.45 Lakhs)]				
Packing Materials		2,232.08		2,213.67
Work-in- Progress		7,422.24		7,076.45
Finished Goods		4,526.63		3,022.84
[Include ₹ 159.08 Lakhs in transit, (P.Y ₹ 90.73 Lakhs)]				
Stores and Spares		550.75		328.65
<b>Total</b>		<b>31,556.80</b>		<b>27,417.85</b>

Note:

- 1) During the year ended 31st March 2020, ₹ 795.49 Lakhs (P.Y ₹ 1,391.10 Lakhs) was recognised as an expenses for inventories carried at net realisable value
- 2) Refer note 2.16 for accounting policy for inventory valuation.

**11 INVESTMENTS (CURRENT)**

(₹ in Lakhs)

Particulars	No of Units		Amount	
	As at	As at	As at	As at
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
<b>At fair value through profit and loss (FVTPL)</b>				
<b>QUOTED</b>				
<b>INVESTMENT IN MUTUAL FUNDS</b>				
L&T Resurgent India Corporate Bond Fund Growth	-	3,91,15,366.86	-	5,268.20
ICICI Prudential Liquid fund - Direct Plan - Growth	-	21,87,957.21	-	6,047.87
SBI Liquid Fund Direct Growth	1,39,570.00	3,27,056.82	4,339.26	9,578.09
HDFC Liquid fund- Direct Plan- Growth	-	3,07,838.00	-	11,323.16
<b>INVESTMENT IN PERPETUAL BOND</b>				
HDFC Bank Limited Sr-1 8.85 BD	579.00	1,080.00	5,736.38	10,680.41
Axis Bank Limited Sr-26 8.75 NCD	1,700.00	1,700.00	16,855.40	16,589.48
State Bank of India Sr-III 8.39 BD	1,500.00	2,100.00	14,979.18	20,587.92
<b>Total</b>			<b>41,910.22</b>	<b>80,075.13</b>
Aggregate book value of quoted investments			41,910.22	80,075.13
Aggregate market value of quoted investments			41,910.22	80,075.13

Investments in mutual funds are pledged with Citibank N.A. Refer note 39.

**12 TRADE RECEIVABLES**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Considered good - Secured	-	-
Unsecured		
Considered good	32,309.79	33,134.65
Considered Doubtful	364.01	456.25
Less : Allowance for Doubtful debts	(364.01)	(456.25)
<b>Total</b>	<b>32,309.79</b>	<b>33,134.65</b>

1) Unsecured trade receivables includes ₹ 24,941.11 Lakhs (P.Y. ₹ 22,021.27 Lakhs) receivables from subsidiaries.

2) The movement in allowance for doubtful receivables is as follows

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Opening balance	456.25	1,236.12
Add : Allowance for doubtful receivables made during the year	78.31	-
Less : Allowance for doubtful receivables reversed/utilised during the year	(170.55)	(779.87)
<b>Closing balance</b>	<b>364.01</b>	<b>456.25</b>

**13 CASH AND BANK BALANCES**

(₹ in Lakhs)

Particulars	No of Units		Amount	
	As at	As at	As at	As at
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
<b>(a) Cash &amp; cash equivalents</b>				
(i) Balances with banks				
In Current Accounts			3,090.46	1,049.02
(ii) Cash on hand			7.30	8.07
(iii) Investments in Mutual Fund (At FVTPL)				
<b>Quoted</b>				
Edelweiss Arbitrage Fund-Monthly Dividend Direct Plan	-	3,23,96,357.76	-	4,080.02
HDFC Liquid fund- Direct Plan- Growth Option	85,389.08	17,934.13	3,335.82	659.67
HDFC Overnight Fund - Direct Plan - Growth	-	86,183.71	-	2,432.43
ICICI Prudential Liquid fund - Direct Plan - Growth	5,10,873.43	-	1,500.75	-
ICICI Prudential Equity Arbitrage Fund-Direct Plan-Growth	1,96,05,845.80	-	5,290.07	-
SBI Liquid Fund Direct Growth	48,475.37	-	1,507.11	-
IDFC Arbitrage Fund - Growth - (Direct Plan)	2,16,71,870.74	-	5,576.35	-
Kotak Equity Arbitrage Fund- Direct Plan	-	3,36,32,285.95	-	7,916.67
Reliance Arbitrage Advantage Fund - Direct Monthly Dividend Plan	-	2,47,35,904.52	-	2,719.94
			<b>20,307.86</b>	<b>18,865.82</b>
<b>(b) Other bank balances (Restricted bank balances)</b>				
In Unpaid Dividend Account			228.60	236.85
In Fixed Deposits (against Bank Guarantee) having Original maturity more than 3 months			0.61	-
			<b>229.21</b>	<b>236.85</b>
<b>Total</b>			<b>20,537.07</b>	<b>19,102.67</b>
Aggregate book value of quoted investments			17,210.10	17,808.73
Aggregate market value of quoted investments			17,210.10	17,808.73

**14 LOAN-CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
	<b>Unsecured, considered good</b>	
Loans to Employees	4.40	5.71
<b>Total</b>	<b>4.40</b>	<b>5.71</b>

**15 OTHER FINANCIAL ASSETS - CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
	Accrued Interest on bonds and fixed deposits (Net of provision for Impairment loss, ₹ 60.59 Lakhs, P.Y. ₹ 60.59 Lakhs)	1,532.97
Others (Forward contract receivable, etc.)	-	241.62
<b>Total</b>	<b>1,532.97</b>	<b>2,365.48</b>

## 16 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured, Considered Good</b>		
Prepaid Expenses	1,318.55	1,296.34
Balances with Revenue Authorities (Including refund receivables)	16,041.94	16,990.87
Advance against materials & expenses	2,230.89	2,219.75
Export incentive receivable	2,445.87	2,017.02
Other receivables /advances		
Considered good	582.98	597.31
Considered Doubtful	193.78	159.27
Less : Allowance for Doubtful Advances	(193.78)	(159.27)
<b>Total</b>	<b>22,620.23</b>	<b>23,121.29</b>

16.1: The movement in allowance for doubtful advances (including allowance made against non current items) is given below (₹ in Lakhs)

Particulars	2019-2020	2018-2019
Opening balance (refer note 8,9,15 and 16)	787.76	201.74
Add : Allowance for doubtful advances made during the year	56.99	586.02
<b>Closing balance</b>	<b>844.75</b>	<b>787.76</b>

## 17 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>AUTHORISED</b>		
17,50,00,000 Equity Shares of ₹ 2/- each (P.Y :17,50,00,000 Equity shares of ₹ 2/- each )	3,500.00	3,500.00
5,00,00,000 Unclassified Shares of ₹ 2/- each (P.Y.: 5,00,00,000 Unclassified Shares of ₹ 2/- each)	1,000.00	1,000.00
50,00,000 Preference Shares of ₹ 10/- each (P.Y. : 50,00,000 Preference Shares of ₹ 10/- each)	500.00	500.00
<b>Total</b>	<b>5,000.00</b>	<b>5,000.00</b>

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
7,04,05,750 Equity Shares of ₹ 2/- each fully paid up (P.Y 7,03,83,250 Equity Shares of ₹ 2/- each fully paid up)	1,408.12	1,407.67
<b>Total</b>	<b>1,408.12</b>	<b>1,407.67</b>

17.1 Reconciliation of Number of Shares (Equity)	2019-2020		2018-2019	
	No of Shares	Amount (₹ in lakhs)	No of Shares	Amount (₹ in lakhs)
Shares outstanding as at the beginning of the year	7,03,83,250	1,407.67	7,03,37,000	1,406.74
Add: Shares allotted under ESOP during the year	22,500	0.45	46,250	0.93
<b>Shares outstanding as at the end of the year</b>	<b>7,04,05,750</b>	<b>1,408.12</b>	<b>7,03,83,250</b>	<b>1,407.67</b>

### 17.2 Rights, preferences and restrictions attached to Equity Shares.

The Company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### 17.3 Shareholders holding more than 5 per cent of total Equity Shares of the Company

Name of the Shareholders	As at 31st March, 2020		As at 31st March, 2019	
	No of Shares	% held	No of Shares	% held
Dr. Prakash Amrut Mody	3,24,55,699	46.10	3,24,19,392	46.09
HDFC Small Cap Fund*	50,93,189	7.23		

\* Previous year holding was less than 5%

17.4 As per the records of the Company, including its register of shareholders / members & other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

## 18 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>CAPITAL REDEMPTION RESERVE</b>		
Balance at beginning of year	412.00	412.00
Add : Additions /(deductions) during the year	-	-
<b>Balance at end of year</b>	<b>412.00</b>	<b>412.00</b>
<b>SECURITIES PREMIUM</b>		
Balance at beginning of year	89.49	-
Add : Additions /(deductions) during the year	43.53	89.49
<b>Balance at end of year</b>	<b>133.02</b>	<b>89.49</b>
<b>SHARE OPTIONS OUTSTANDING ACCOUNT</b>		
Balance at beginning of year	1,967.40	102.57
Add : Additions during the year	-	1,933.96
Less : Deduction during the year	(762.87)	(69.13)
	1,204.53	1,967.40
Less: Deferred Employees' stock compensation	(721.93)	(1,583.39)
<b>Balance at end of year</b>	<b>482.60</b>	<b>384.01</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Remeasurements of defined benefit plans</b>		
Balance at beginning of year	(320.53)	(292.04)
Add/(Less): Movements during the year	(144.60)	(28.49)
<b>Balance at end of year</b>	<b>(465.13)</b>	<b>(320.53)</b>
<b>Equity instrument through OCI</b>		
Balance at beginning of year	-	-
Add/(Less): Movements during the year	444.10	-
<b>Balance at end of year</b>	<b>444.10</b>	<b>-</b>
<b>RETAINED EARNINGS</b>		
Balance at beginning of year	2,71,220.77	2,74,580.60
Add: Profit/(Loss) for the year	(5,631.62)	879.92
Add: Transfer from shares options outstanding Account	109.63	-
Less: Final Dividend paid (Incl. Tax on dividend)	3,395.11	4,239.75
<b>Balance at end of year</b>	<b>2,62,303.67</b>	<b>2,71,220.77</b>
<b>Total Reserves &amp; Surplus</b>	<b>2,63,310.26</b>	<b>2,71,785.74</b>

18.1 During the year ended 31st March, 2018, the Company had concluded the buyback of 20,600,000 equity shares aggregating 22.65% of the paid-up equity share capital of the Company at a price of ₹ 430 per equity share. The Company had funded the buyback from its securities premium account, general reserve and retained earnings. Further, capital redemption reserve of ₹ 412.00 Lakhs representing the nominal value of the shares bought back had been created as an appropriation from retained earnings. Transaction costs related to buyback were adjusted against retained earnings (net of tax).

18.2 In respect of the year ended 31st March, 2020, the Board of Directors at its meeting held on 19th June, 2020 recommended a dividend of ₹ 4/- per share to be paid on its fully paid up equity shares having a face value of ₹ 2/- . This equity dividend is subject to the approval of shareholders at the ensuing Annual General Meeting and has not been included as a liability in these standalone financial statements. The total estimated equity dividend to be paid is ₹ 2,816.23 Lakhs.

## 19 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Current lease liabilities	1.72	-
Non-current lease liabilities	148.00	-
<b>Total</b>	<b>149.72</b>	<b>-</b>

Refer note - 47(i)

## 20 PROVISIONS - NON CURRENT

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Provision for employee benefits :		
Defined benefit plan-Gratuity	266.52	-
Leave benefits	1,582.09	1,274.87
Long term bonus	502.60	185.03
<b>Total</b>	<b>2,351.21</b>	<b>1,459.90</b>

## 21 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Deferred Tax Liability (Net)	-	749.57
	-	<b>749.57</b>

21.1 Deferred tax asset has not been recognised on unused tax depreciation of ₹ 9,067.27 Lakhs in the absence of probable future taxable income. The said unused tax depreciation does not have an expiry date. Further deferred tax asset is also not recognised on long term capital loss of ₹ 290.65 lakhs which expires in the fiscal year 2026-27 in the absence of probable long term capital gain. Also, in the absence of probable future taxable income, the Company has not recognised MAT credit of ₹ 13,755.64 Lakhs (P.Y. ₹ 13,755.64 Lakhs) which can be used upto periods ranging from year 2025-2032.

21.2 Income tax expense/ (benefit) recognized in standalone statement of profit and loss:

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
<b>Current tax:</b>		
Current tax on profits for the year	-	-
MAT credit availed for earlier years	-	-
Adjustments for current tax of prior periods*	-	(124.45)
Total Current tax expense	-	(124.45)
<b>Deferred Tax:</b>		
Decrease (increase) in Deferred Tax Assets	(1,553.55)	(4,845.22)
(Decrease) Increase in Deferred Tax Liabilities	803.98	2,178.69
Total Deferred tax expense /(credit)	(749.57)	(2,666.53)
<b>Aggregate income tax expense [continued and discontinued operations]</b>	<b>(749.57)</b>	<b>(2,790.98)</b>

\* Short / excess provision for income tax (net) of earlier years is on account of final tax liability as per returns filed and assessments completed

21.3 Income tax expense recognized in other comprehensive income and other equity:

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Net Loss/(Gain) on Re-measurements of Defined Benefit Plans		
Current income tax	-	-
Deferred tax	-	(12.92)
<b>Income Tax Expense/(Income) Charged to OCI</b>	<b>-</b>	<b>(12.92)</b>

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

(₹ in Lakhs)

Particulars	2019-20	2018-19
Profit / (loss) from continuing operations before Income Tax	(6,381.18)	(2,158.02)
Profit from discontinued operations (including gain on sale of identified business in previous year) before Income Tax	-	246.96
<b>Total profit/(loss) before income taxes</b>	<b>(6,381.18)</b>	<b>(1,911.06)</b>
At India's Statutory Income Tax Rate of 31.20%	(1,990.93)	(596.25)
<b>Adjustments to reconcile expected income tax expense to reported income tax expense</b>		
Weighted deduction allowed in respect of research and development expenses	1,235.12	(1,977.15)
Effect of expenses not deductible in determining taxable profit	-	139.57
Effect of income exempt from taxation	-	(342.93)
Adjustments for current tax of prior periods	-	(124.45)
Others (net)	-	110.23
<b>Adjusted income tax expenses</b>	<b>(755.81)</b>	<b>(2,790.98)</b>
<b>Effective Income Tax Rate</b>	<b>11.84%</b>	<b>146.04%</b>

21.5 Reflected in the Balance Sheet as follows:

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>Deferred Tax Liabilities</b>		
Depreciation and amortisation	9,025.55	8,221.57
	9,025.55	8,221.57
<b>Deferred Tax Assets</b>		
Allowance for doubtful trade receivables	113.57	142.35
Allowance for doubtful advances	62.95	49.69
Allowance for impairment in value of investments	1,474.04	1,474.04
Allowance for impairment in value of other financial assets	174.90	174.90
Provision for employee benefits	812.76	589.99
Business loss / unabsorbed depreciation	6,338.00	4,689.45
Others	49.33	351.58
	9,025.55	7,472.00
<b>Deferred Tax Liabilities (net)</b>	<b>-</b>	<b>749.57</b>



## 21.6 Movement of deferred tax during the year 2019-2020

(₹ in Lakhs)

Particulars	Opening balance 1st April 2019	(Credit) / charge recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance 31st March 2020
<b>Deferred tax liabilities in relation to</b> Depreciation and amortisation	8,221.57	803.98	-	9,025.55
<b>Deferred tax assets in relation to</b> Allowance for doubtful trade receivables	(142.35)	28.78	-	(113.57)
Allowance for doubtful advances	(49.69)	(13.26)	-	(62.95)
Allowance for impairment in value of investments	(1,474.04)	-	-	(1,474.04)
Allowance for impairment in value of other financial assets	(174.90)	-	-	(174.90)
Provision for employee benefits	(589.99)	(222.77)	-	(812.76)
Business loss / unabsorbed depreciation	(4,689.45)	(1,648.55)	-	(6,338.00)
Others	(351.58)	302.25	-	(49.33)
<b>Deferred tax Liabilities net</b>	<b>749.57</b>	<b>(749.57)</b>	-	-

## Movement of deferred tax during the year 2018-2019

(₹ in Lakhs)

Particulars	Opening balance 1st April, 2018	(Credit) / charge recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance 31st March, 2019
<b>Deferred tax liabilities in relation to</b> Depreciation and amortisation	6,042.87	2,178.70	-	8,221.57
<b>Deferred tax assets in relation to</b> Allowance for doubtful trade receivables	(385.67)	243.32	-	(142.35)
Allowance for doubtful advances	(59.24)	9.55	-	(49.69)
Allowance for impairment in value of investments	(1,411.05)	(62.99)	-	(1,474.04)
Allowance for impairment in value of other financial assets	-	(174.90)	-	(174.90)
Provision for employee benefits	(481.16)	(95.91)	(12.92)	(589.99)
Business loss / unabsorbed depreciation	-	(4,689.45)	-	(4,689.45)
Others	(276.74)	(74.84)	-	(351.58)
<b>Deferred tax Liabilities net</b>	<b>3,429.01</b>	<b>(2,666.52)</b>	<b>(12.92)</b>	<b>749.57</b>

## 22 OTHER LONG TERM LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured</b>		
Others (Customer Advances)	469.21	469.21
<b>Total</b>	<b>469.21</b>	<b>469.21</b>

## 23 BORROWINGS-CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Secured</b>		
From Banks		
Packing credit (refer note 39)	1,521.41	-
<b>Total</b>	<b>1,521.41</b>	<b>-</b>

## 24 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Trade Payables</b>		
Total outstanding dues of micro enterprises and small enterprises (refer note 24.1)	247.91	258.04
Total outstanding dues of creditors other than micro enterprises and small enterprises	20,574.25	19,011.33
<b>Total</b>	<b>20,822.16</b>	<b>19,269.37</b>

## 24.1 Disclosure related to micro enterprises and small enterprises

24.1

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Principal amount remaining unpaid to any suppliers as at 31st March	243.08	258.04
Interest due thereon remaining unpaid to any suppliers as at 31st March	4.83	-
	<b>247.91</b>	<b>258.04</b>
The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006	-	-
The amount of the payment made to the supplier beyond the appointed day during each accounting year in terms of section 16 of the MSMED Act, 2006	-	-
The amount of interest due and payable for the period of delay in making payments	-	-
The amount of interest accrued and remaining unpaid as at 31st March	4.83	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

The information has been given in respect of such suppliers to the extent they could be identified as micro and small enterprises on the basis of information received and available with the Company. Auditors have relied on the same.

**25 OTHER FINANCIAL LIABILITY-CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unclaimed Dividend	228.60	236.85
Deposits from Customers	19.64	19.64
Payable for employee benefits	1,532.83	1,386.06
Payable for Capital Goods ( refer note 24.1)	4,890.72	1,702.24
Others (Forward contract payable)	447.58	-
<b>Total</b>	<b>7,119.37</b>	<b>3,344.79</b>

**26 OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Other Payables</b>		
Statutory Dues	2,627.25	2,836.70
Revenue received in advance ( refer note 26.1)	1,008.93	155.78
Others ( customer advances, etc.)	745.01	418.58
<b>Total</b>	<b>4,381.19</b>	<b>3,411.06</b>

26.1 It includes ₹ 1,008.93 Lakhs (P.Y. ₹ 155.78 Lakhs) of grants (in the nature of export benefits) relating to property, plant and equipment imported under the EPCG scheme. Under such scheme, the Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

**27 PROVISIONS - CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Provision for employee benefits :</b>		
Defined benefit plan	299.93	159.95
Leave benefits	456.43	426.26
<b>Others Provisions</b>		
Expiry and other claims(refer note 27.1)	224.44	538.85
<b>Total</b>	<b>980.80</b>	<b>1,125.06</b>

27.1 The Company has made provision towards expected returns from market which are primarily in the nature of expired or near expiry products and other claims. Cash outflow is expected within 12 months from balance sheet date. The Company does not expect any reimbursement in regards to the provision made.

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
<b>Opening Balance</b>	538.85	1,468.98
Add : provisions made	-	462.92
Less: utilisations	314.41	1,393.05
<b>Closing balance</b>	<b>224.44</b>	<b>538.85</b>

**28 REVENUE FROM OPERATIONS**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Sale of products	85,097.61	91,040.57
Other operating revenues		
Export benefits	3,660.93	4,072.77
Other operating revenues(Raw material /solvent /scrap sale, R&D revenue etc.)	1,729.99	1,660.55
	5,390.92	5,733.32
<b>Total Revenue from Operations</b>	<b>90,488.53</b>	<b>96,773.89</b>

28.1 Disclosure for disaggregation of revenue :

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Formulations	73,719.22	78,391.67
Bulk Drugs and chemicals	11,378.39	12,648.90
<b>Total</b>	<b>85,097.61</b>	<b>91,040.57</b>

**29 OTHER INCOME**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest Income (Refer note 29.1)	3,852.96	4,490.62
Dividend Income on investments measured at Fair value through Profit and loss	157.64	1,099.12
Net gain on investments measured at Fair value through Profit and loss	2,735.30	2,711.05
Other non-operating Income (guarantee commission, lease rent, etc.(net))	159.94	497.94
Net gain / (Loss) on foreign currency translation and transactions	3,011.17	1,355.50
<b>Total</b>	<b>9,917.01</b>	<b>10,154.23</b>

29.1 Details of interest income

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest Income on financial assets measured at amortised cost/others	48.27	110.94
Interest Income on investments measured at Fair value through Profit and loss	3,804.69	4,379.68

**30 COST OF MATERIALS CONSUMED**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Raw Materials	32,868.23	36,969.60
Packing Materials	7,152.53	7,347.69
<b>Total</b>	<b>40,020.76</b>	<b>44,317.29</b>

CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN- PROGRESS

(₹ in Lakhs)

<b>Inventories at the Commencement</b>		
Finished Goods	3,022.84	1,772.12
Work in progress	7,076.45	5,273.23
	<b>10,099.29</b>	<b>7,045.35</b>
<b>Inventories at year end</b>		
Finished Goods	4,526.63	3,022.84
Work in progress	7,422.24	7,076.45
	<b>11,948.87</b>	<b>10,099.29</b>
(Increase) / Decrease in Finished Goods	(1,503.79)	(1,250.72)
(Increase) / Decrease in Work in progress	(345.79)	(1,803.22)
<b>Total change in inventory</b>	<b>(1,849.58)</b>	<b>(3,053.94)</b>

**31 EMPLOYEE BENEFITS EXPENSE**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries & wages	18,492.44	15,680.72
Contribution to Provident and other funds	1,278.48	1,131.43
Expenses on employee stock option plan	173.61	349.65
Staff welfare expenses	571.13	514.23
<b>Total</b>	<b>20,515.66</b>	<b>17,676.03</b>

**32 FINANCE COST**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest expense	41.88	10.10
Interest on lease	13.65	-
Unwinding of interest	-	3.33
Other borrowing costs (bank charges/ fees, etc)	72.65	48.28
<b>Total</b>	<b>128.18</b>	<b>61.71</b>

**33 IMPAIRMENT LOSS ON FINANCIAL ASSETS**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Impairment of other financial asset (refer note 33.1)	-	560.59
Impairment loss allowance in value of investments in Subsidiary (refer note 41)	-	302.83
	-	<b>863.42</b>

33.1 Considering the uncertainty prevailing on IL&FS group, in case of inter-corporate deposits with IL&FS provision for impairment loss is made to the extent of 50% of the principal amount and interest accrued thereon. Refer note 8 & 15.

**34 OTHER EXPENSES**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Consumption of Stores and Spares	2,136.95	2,099.05
Power and Fuel	7,214.38	7,542.52
Rent	58.28	38.87
Insurance	521.88	324.05
Repairs :		
Plant and Machinery	1,627.25	1,400.85
Buildings	447.15	509.80
Others	2,597.64	2,246.82
Rates and Taxes	415.61	235.72
Advertising and sales promotion	9.59	12.79
Travelling and Conveyance	618.65	584.31
Freight outward	6,427.34	8,703.79
Directors' sitting fees	47.50	46.50
Commission on sales	250.97	-
Legal & Professional Expenses	3,075.89	2,117.80
Contribution towards Corporate Social Responsibility	202.98	156.51
Establishment and Administrative Expenses (refer note 34.1)	14,918.48	16,100.84
Loss on discard/sale of property, plant and equipment (net)	187.83	909.30
<b>Total</b>	<b>40,758.37</b>	<b>43,029.52</b>

34.1 Establishment and Administrative Expenses includes following major expenses :

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Research and Development expenditure (mainly Material cost)	4,222.33	4,150.49
Bio Equivalence Studies	2,168.12	3,390.52
Lab related expenses ( Glass apparatus, chemicals, accessories etc)	1,705.86	1,888.38
Regulatory Fees	2,738.91	3,200.27

**35 OTHER COMPREHENSIVE INCOME**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A (i) Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(144.60)	(41.41)
Equity instruments through other comprehensive income	444.10	-
A (ii) Income tax relating to items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	-	12.92
Equity instruments through other comprehensive income	-	-
<b>Total comprehensive Income</b>	<b>299.50</b>	<b>(28.49)</b>

**36 CONTINGENT LIABILITIES**

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
(i) Claims not acknowledged as debts*.	1,935.33	1,797.19
(ii) Fine imposed by European Commission (refer note no. 37)	11,614.72	10,890.20
(iii) In respect of the Guarantees given to Bank on behalf of Subsidiaries (to the extent of facility availed by the subsidiaries) also refer note 39	2,999.36	24,254.84
(iv) Other money for which the company is contingently liable	3,971.15	1,889.04
(v) Other bank guarantees	645.53	369.14
<b>Total</b>	<b>21,166.09</b>	<b>39,200.41</b>

\* includes ₹ 82.53 Lakhs (P.Y ₹ 248.58 Lakhs ) sales tax refund amount kept on hold, amount paid under protest/deposit pending adjudication under Income tax Act ,1961 and Central Excise Act 1944. Future cash outflow, if any, will be based on the outcome of the appeals / writ petition in case of disputed (a) statutory dues (b) claims from regulatory authorities and (c) European Commission matter (as elaborated in note 37 below) . The company does not expect any cash outflow in other matters mentioned above.

(vi) Claims made by the ex-employees whose services have been terminated in earlier years are not acknowledged as debts, the exact liability, whereof is not ascertainable. The matters are disputed under various forums. However in the opinion of the management, these claims are not tenable.

(vii) During the year, one party has filed the legal case on the Company for breach of trust and claimed certain compensation / damages. In view of the company in absence of any binding arrangement, the claim made by the party is frivolous and non tenable. Accordingly the possibility of any liability devolving on the company is remote and hence no disclosure as contingent liability is considered necessary. The matter is under litigation and sub judged.

37 On 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of € 13.96 Million, jointly and severally on the Company and its subsidiary Niche Generics Ltd ("Niche") contending that they had acted in breach of EU competition law as Niche Generics Ltd had, in early 2005 (when the Company was only a part owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company & Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated 12th December 2018 and confirmed the fine of € 13.96 Million. The Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the EU and outcome of the appeals are awaited. Considering the above, in view of the management, no provision for the aforesaid fine is considered necessary. Based on above, fine imposed by the EU of € 13.96 Million (equivalent to ₹ 11,614.72 Lakhs) is disclosed under contingent liability.

38 (a) Estimated amount of Contracts remaining to be executed (Net of Advances) on Capital account ₹ 21,505.50 Lakhs (P.Y ₹ 10,180.71 Lakhs) and on other revenue accounts ₹9,486.11 Lakhs (P.Y ₹ 17,941.32 Lakhs) are not provided for.

(b) The Company's intention is to continue to provide financial support to its subsidiaries [Niche Generics Ltd & Unichem Laboratories Ltd (Ireland)] and Unichem Farmaceutica Do Brasil Ltda]. Further, pending outcome of the appeal in respect of European Commission matter (refer note 37), the Company will consider all available options to assist the subsidiary.

39 Credit facilities from Kotak Mahindra Bank availed during the year by the Company and its subsidiary, Niche Generics Limited (United Kingdom), are secured by first and exclusive mortgage charge on immovable property being industrial land and building known as Unichem Laboratories Limited on plot bearing CTS No. 510 of village Oshiwara and CTS No.1 of village Majas, Prabhat Estate, Off. S. V. Road, Patel Engineering Road, Jogeshwari (West), Mumbai 400 102. Further credit facilities from Citibank, N.A. availed by the Company and its subsidiary, Unichem Laboratories Limited (Ireland), are secured by way of a pledge against investments in mutual funds to the extent of ₹ 4,339.26 Lakhs. (P.Y. ₹ 32,217.32 Lakhs).

40 As per Ind AS 108- "Operating Segment", segment information has been provided under the Notes to Consolidated Financial Statements.

41 The Company has reviewed its investments in wholly owned subsidiaries. In respect of its investment in Unichem Farmaceutica Do Brasil Ltda, Brazil, Impairment loss recognised for this investment for the year ₹ Nil (P.Y. ₹302.83 Lakhs). This has resulted in the aggregate Impairment loss to ₹ 7,086.72 Lakhs (P.Y. ₹ 7,086.72 Lakhs) on a total investment of ₹ 7,086.72 Lakhs (P.Y. ₹7,086.72 Lakhs). Impairment loss for the current year is charged to statement of profit and loss after an internal assessment based on circumstances prevailing as at the balance sheet date, such as past performance, results, assets, expected cash flows, projections, status of product approvals, nature of the market and regulatory conditions.

**42 Expenditure incurred during the year and included in Capital work-in-progress / Property, Plant and Equipments as follows.**

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
i) Power & fuel	19.29	213.10
ii) Repairs & maintenance	97.91	127.32
iii) Payroll expenses	45.91	254.96
iv) Freight	0.12	4.27
v) Insurance	13.56	0.19
vi) Travelling Expenses	6.16	3.92
vii) Rent, Rates & Taxes	16.88	12.81
viii) Depreciation	44.58	1.20
ix) R&D Chemicals	-	33.71
x) Administrative expenses	195.12	137.79
xi) Legal & Professional	-	12.03
	<b>439.53</b>	<b>801.30</b>





#### 43 CORPORATE SOCIAL RESPONSIBILITY

- a) Gross amount required to be spent by the company during the year ₹ 96.16 Lakhs (P.Y. ₹226.91 Lakhs)  
 b) Amount spent during the year on:

(₹ in Lakhs)

Particulars	in cash	yet to be paid in cash	Total
(i) Construction / acquisition of any asset (P.Y.)	-	-	-
(ii) on purpose other than (i) above (P.Y.)	202.98 (156.51)	-	202.98 (156.51)

#### 44 HEDGE ACCOUNTING

The Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The Company manages currency risk as per trends and experiences. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to export receivables. The Company does not enter into any derivative instruments for trading or speculative purposes.

##### Fair Value Hedge

Hedging Instrument and Hedge Item :

(₹ in Lakhs)

Type of Hedge and Risks	Nominal Value	Carrying amount as at 31st March, 2020		Changes in amount of fair value	Hedge Maturity Date	Line Item in Balance Sheet
		Assets	Liabilities			
Foreign currency risk Trade Receivables hedged by Forward Contracts	13,669.34	13,221.76	-	(447.58)	April 2020 to July 2020	Other Financial Liabilities

Hedging Instrument and Hedge Item :

(₹ in Lakhs)

Type of Hedge and Risks	Nominal Value	Carrying amount as at 31st March, 2019		Changes in amount of fair value	Hedge Maturity Date	Line Item in Balance Sheet
		Assets	Liabilities			
Foreign currency risk Trade Receivables hedged by Forward Contracts	10,402.28	10,640.22	-	237.94	April 2019 to August 2019	Other Financial Assets

- i) The following are the outstanding forward contracts:

Currency	Buy / Sell	In Foreign Currency (in lakhs)		₹ in lakhs	
		As at	As at	As at	As at
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
USD	Sell	185.34	145.70	13,221.76	10,640.22

- ii) Foreign Currency exposure not hedged by forward contracts are given below :

Particulars	In Foreign Currency (in lakhs)		₹ in lakhs	
	As at	As at	As at	As at
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
A) Trade Receivables and Vendor advances				
Euro	58.44	34.73	4,827.96	3,467.29
USD	224.39	304.40	16,963.80	21,029.53
Others (GBP, ZAR & CAD)	66.36	104.14	1,437.87	1,810.01
B) Trade Payables and Customer advances				
Euro	3.00	5.58	249.97	435.70
USD	49.32	38.46	3,751.84	2,671.12
Others (GBP & ZAR)	1.12	1.08	98.49	92.32
C) Borrowings				
USD (PCFC loan)	20.00	-	1,521.40	-

**45 EMPLOYEE BENEFITS**

The Company has a defined benefit gratuity plan. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Other long term benefits comprises of leave entitlements and long term bonus to the employees. Leave entitlements benefits is partly funded by the Company.

Bifurcation of liability including short term leave benefits as per Schedule III of the Companies Act 2013 :

(₹ in Lakhs)

Particulars	Gratuity		Leave entitlements & Long term Bonus	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
Current Liability	299.93	159.95	456.43	426.26
Non-Current Liability	266.52	-	2,084.69	1,459.90
<b>Net Liability</b>	<b>566.45</b>	<b>159.95</b>	<b>2,541.12</b>	<b>1,886.16</b>

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

Particulars	Gratuity	
	As at 31st March, 2020	As at 31st March, 2019
Discount rate	6.60%	7.10%
Salary growth rate	9.00%	9.00%
Expected rate of return on Plan assets	6.60%	7.10%
Withdrawal rate	15% at younger ages reducing to 2% at older ages	15% at younger ages reducing to 2% at older ages

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The discounting rate is based on material yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations. The overall expected rate of return on assets is based on the LIC structure of interest rates on gratuity funds.

The following tables summarise the funded status and amounts recognised in the balance sheet for gratuity .

Funded status of the plan :

(₹ in Lakhs)

Particulars	Gratuity	
	As at 31st March, 2020	As at 31st March, 2019
Present value of funded obligations	2,358.60	1,981.73
Fair value of plan assets	1,792.15	1,821.78
<b>Net Liability (Asset)</b>	<b>566.45</b>	<b>159.95</b>

Amount charge to statement of Profit and loss:

(₹ in Lakhs)

Particulars	Gratuity	
	2019-2020	2018-2019
Current service cost	269.50	198.43
Net interest cost	3.01	5.54
<b>Employee Benefit Expense</b>	<b>272.51</b>	<b>203.97</b>
<b>Total Charge to statement of P&amp;L</b>	<b>272.51</b>	<b>203.97</b>

Amount charged to Other Comprehensive Income:

(₹ in Lakhs)

Particulars	Gratuity	
	2019-2020	2018-2019
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	70.84	22.07
Due to change in demographic assumption	0.35	-
Due to experience adjustments	94.13	19.61
Return on plan assets excluding amounts included in interest income	(20.72)	(0.26)
<b>Amounts recognized in Other Comprehensive Income</b>	<b>144.59</b>	<b>41.42</b>

## Reconciliation of defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity	
	2019-2020	2018-2019
<b>Opening Defined Benefit Obligation</b>	<b>1,981.73</b>	<b>1,732.36</b>
Current service cost	269.50	198.43
Interest cost	113.29	119.14
Actuarial loss/(gain) due to change in financial assumptions	70.84	22.07
Due to change in demographic assumption	0.35	-
Actuarial loss/ (gain) due to experience adjustments	94.13	19.61
Benefits paid	(171.24)	(109.88)
<b>Closing Defined Benefit Obligation</b>	<b>2,358.60</b>	<b>1,981.73</b>

## Reconciliation of plan assets:

(₹ in Lakhs)

Particulars	Gratuity	
	2019-2020	2018-2019
<b>Opening value of plan assets</b>	<b>1,821.78</b>	<b>1,557.26</b>
Interest Income	110.28	113.60
Return on plan assets excluding above	20.72	0.26
Contributions by employer	10.61	260.54
Benefits paid	(171.24)	(109.88)
<b>Closing value of plan assets</b>	<b>1,792.15</b>	<b>1,821.78</b>

## Sensitivity analysis:

Assumptions	Change in assumptions		Increase/(decrease) in defined benefit obligation	
	Increase/decrease	Percentage	2019-2020	2018-2019
Discount rate	Increase by	0.5%	-3.00%	-2.73%
	Decrease by	0.5%	3.23%	2.92%
Salary growth rate	Increase by	0.5%	3.14%	2.85%
	Decrease by	0.5%	-2.95%	-2.69%
Withdrawal rate	Increase by	10%	-0.99%	-0.75%
	Decrease by	10%	1.07%	0.81%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

**Investment risk :**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

**Interest risk :**

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

**Longevity risk :**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk :**

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Expected contribution and weighted average duration for defined benefit obligation

Particulars	2019-2020	2018-2019
Expected contribution for the next year (₹ Lakhs)	299.93	159.94
Weighted average duration for defined benefit obligation (years)	5.75	5.36

**Asset-liability matching strategies**

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

**46 RELATED PARTY DISCLOSURES**

Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosure".

**(a) List of related parties**

<p><b>(i) Subsidiaries of the Company (Wholly Owned) :</b></p> <p>Niche Generics Limited. (United Kingdom)  Unichem SA Pty. LTD. (South Africa)  Unichem Farmaceutica Do Brasil Ltda (Brazil)  Unichem Pharmaceuticals (USA) Inc. (USA)  Unichem Laboratories Ltd (Ireland)  Unichem (China) Pvt Ltd (China) w.e.f. 27.06.2019 *</p>	<p><b>(ii) Enterprises under significant influence of key management personnel as defined in (iii) (disclosed to the extent of transactions)</b></p> <p>Uni - Distributors Pvt. Ltd.  Elemage Wellness LLP  Adiwasi Unnati Mandal  Uni Trust  Also Refer note (f)</p>
<p><b>(iii) Key management personnel and their relatives: (disclosed to the extent of transactions)</b></p> <p>Dr. Prakash A. Mody  (Chairman &amp; Managing Director - CMD, Promoter)  Mrs. Anita Mody (Spouse of CMD)  Ms. Supriya Mody (Daughter of CMD)  Ms. Suparna Mody (Daughter of CMD)  Ms. Shwetambari Mody (Daughter of CMD)  Mr. Dilip J. Kunkolienkar (Director - Technical)</p>	<p><b>(iv) Independent Directors:</b></p> <p>Dr. (Mrs.) B. Kinnera Murthy  Mr. Anand Y. Mahajan  Mr. Prafull Anubhai  Mr. Prafull D Sheth</p>
<p><b>(v) Post-employment benefit plans:</b></p> <p>Unichem Laboratories Ltd-Employees Gratuity Fund  Unichem Laboratories Ltd-Employees Superannuation Fund</p>	<p><b>(vi) Key management personnel and their relatives as per Companies Act, 2013.</b></p> <p>Mr. Pradeep Bhandari - (Head - Legal &amp; Company Secretary) (w.e.f. 01.08.2019)  Mrs. Neema Thakore - (Head - Legal &amp; Company Secretary) (upto 31.07.2019)  Mr. Sandip R. Ghume (Dy. Chief Financial Officer)  Mr. Rakesh Parikh - (Chief Financial Officer) (upto 31.08.2018)  Mr. Rakesh Parikh - (HUF) (upto 31.08.2018)</p>

\* The Company's wholly owned subsidiary at China namely, "Younikaimo Pharmaceutical (Shanghai) Pvt. Ltd." [Unichem (China) Pvt.Ltd.] received a business license for operations on 27th June,2019.This Subsidiary will cater to the sale in China, of Formulations and Active Pharmaceutical Ingredients manufactured by the Company and will also enable efficient sourcing and supply of materials from China.

**b) Disclosure of related party transactions :**

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
i) Sale of finished goods/solvents (Net of returns)		
Subsidiaries		
Niche Generics Limited.	1,521.86	1,589.71
Unichem SA Pty. LTD.	862.65	563.16
Unichem Farmaceutica Do Brasil Ltda	1,456.43	1,041.01
Unichem Pharmaceuticals (USA) Inc.	49,391.06	49,778.30
Unichem Laboratories Ltd (Ireland)	-	223.35
	<b>53,232.00</b>	<b>53,195.53</b>
ii) Reimbursements given (excluding indirect tax)		
Elemage Wellness LLP	2.35	126.75
	<b>2.35</b>	<b>126.75</b>
iii) Investments made ( including guarantee commission & ESOP)		
Subsidiary		
Unichem Farmaceutica Do Brasil Ltda	-	302.83
Unichem Pharmaceuticals (USA) Inc.	127.60	253.89
Unichem Laboratories Ltd ( Ireland)	9.69	375.94
Niche Generics Limited.	23.86	3,215.51
Unichem (China) Pvt Ltd	143.73	-
	<b>304.88</b>	<b>4,148.17</b>
iv) Commission Expense :		
Unichem Farmaceutica Do Brasil Ltda	2.66	63.35
	<b>2.66</b>	<b>63.35</b>
v) Guarantees to banks - given /(reduced)		
On behalf of Subsidiary Company		
Unichem Pharmaceuticals (USA) Inc.	(20,838.00)	-
Unichem Laboratories Ltd ( Ireland)	(483.66)	(480.81)
	<b>(21,321.66)</b>	<b>(480.81)</b>

Particulars	2019-2020	2018-2019
vi) Rent & Maintenance Paid (excluding indirect taxes)		
Relative of Key Management Personnel		
Mrs Anita Mody	18.56	16.62
Enterprise under significant influence of Key Management Personnel		
Uni - Distributors Pvt. Ltd.	12.59	13.55
Uni Trust	9.00	9.00
	<b>40.15</b>	<b>39.17</b>
vii) Managerial remuneration ( including defined contribution plan)		
Key Management Personnel		
Dr. Prakash A. Mody	538.75	412.44
Mr. Dilip J Kunkolienkar	138.58	111.91
	<b>677.33</b>	<b>524.35</b>
viii) Salary ( including defined contribution plan)		
Relative of Key Management Personnel		
Ms Supriya Mody	76.21	62.75
	<b>76.21</b>	<b>62.75</b>
ix) Share based payments (ESOP)		
Key Management Personnel		
Mr. Dilip J. Kunkolienkar	33.59	33.02
	<b>33.59</b>	<b>33.02</b>
x) Dividend Paid		
Key Management Personnel & Relatives		
Dr. Prakash A. Mody	1,296.78	1,620.97
Mrs Anita Mody	52.94	66.17
Ms Supriya Mody	38.00	47.50
Ms. Suparna Mody	38.00	47.50
Mr. Dilip J. Kunkolienkar	3.02	1.71
	<b>1,428.74</b>	<b>1,783.85</b>
Independent Directors		
Mr. Anand Y. Mahajan	0.60	0.75
Mr. Prafull Anubhai	0.03	0.04
Mr. Prafull D Sheth	0.30	0.38
	<b>0.93</b>	<b>1.17</b>
xi) Expenses Reimbursement (Establishment and administrative expenses)		
Subsidiaries		
Unichem SA Pty. LTD.	9.76	25.00
Unichem Farmaceutica Do Brasil Ltda	1.41	9.68
Unichem Pharmaceuticals (USA) Inc.	143.23	298.69
	<b>154.40</b>	<b>333.37</b>
xii) Sitting Fees		
Independent Directors		
Dr. (Mrs.) B. Kinnera Murthy	13.00	10.50
Mr. Anand Y. Mahajan	9.00	10.50
Mr. Prafull Anubhai	14.50	16.50
Mr. Prafull D Sheth	11.00	9.00
	<b>47.50</b>	<b>46.50</b>
xiii) Corporate Social Responsibility		
Enterprise under significant influence of Key Management Personnel		
Adiwasi Unnati Mandal	15.00	10.00
	<b>15.00</b>	<b>10.00</b>

**c) Disclosure of related party balances :**

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
i) Trade Receivables		
Subsidiaries		
Niche Generics Limited.	2,718.87	1,989.75
Unichem SA Pty. LTD.	191.22	353.27
Unichem Farmaceutica Do Brasil Ltda	2,424.08	1,353.98
Unichem Pharmaceuticals (USA) Inc.	19,198.74	17,941.27
Unichem Laboratories Ltd (Ireland)	377.18	383.00
	<b>24,910.09</b>	<b>22,021.27</b>
ii) Trade Payables		
Subsidiaries		
Niche Generics Limited.	2.23	1.98
Unichem SA Pty. LTD.	1.59	13.47
Unichem Farmaceutica Do Brasil Ltda	11.34	21.00
Unichem Pharmaceuticals (USA) Inc.	77.46	29.59
	<b>92.62</b>	<b>66.04</b>
iii) Commission Payable		
Unichem Farmaceutica Do Brasil Ltda	2.66	63.35
	<b>2.66</b>	<b>63.35</b>
iv) Investments in subsidiaries		
In equity shares		
Niche Generics Limited.	6,988.40	5,845.10
Unichem SA Pty. LTD.	12.14	12.14
Unichem Farmaceutica Do Brasil Ltda *	7,086.72	7,086.72
Unichem Pharmaceuticals (USA) Inc.	3,480.32	3,308.53
Unichem Laboratories Ltd ( Ireland)	1,272.57	1,264.08
Unichem (China) Pvt Ltd (China)	143.73	-
* fully provided as impairment in value of investment		
	<b>18,983.88</b>	<b>17,516.57</b>
In preference shares		
Niche Generics Limited. (refer note - 6.1)	-	1,164.79
v) Guarantees given (to the extent of facility availed by the subsidiaries) to Banks on behalf of Subsidiary Company		
Unichem Pharmaceuticals (USA) Inc.	-	20,838.00
Unichem Laboratories Ltd ( Ireland)	503.36	1,076.54
Niche Generics Limited.	2,496.00	2,340.30
	<b>2,999.36</b>	<b>24,254.84</b>
vi) Deposits paid		
Relative of Key Management Personnel		
Mrs Anita Mody	45.90	45.90
Enterprise under significant influence of Key Management Personnel		
Uni - Distributors Pvt. Ltd.	5.00	5.00
Uni Trust	2.25	2.25
	<b>53.15</b>	<b>53.15</b>
vii) Other Current Liabilities		
Key Management Personnel		
Dr. Prakash A. Mody	33.67	13.79
	<b>33.67</b>	<b>13.79</b>
viii) Sitting Fees Payable		
Dr. (Mrs.) B. Kinnera Murthy	-	0.50
Mr. Anand Y. Mahajan	-	0.50
Mr. Prafull Anubhai	-	0.50
Mr. Prafull D Sheth	-	0.50
	-	<b>2.00</b>

**d) Contribution to post employment benefit plan :**

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Post-employment benefit plans		
Unichem Laboratories Ltd- Employees Gratuity Fund	10.61	260.54
Unichem Laboratories Ltd- Employees Superannuation Fund	83.45	78.07
	<b>94.06</b>	<b>338.61</b>



e) Following are Key management Personnel (not covered above) in accordance with provisions of Companies Act, 2013. Details of transactions and balances are below :

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
i) Salary (including defined contribution plan) Key Management Personnel		
Mr. Rakesh Parikh	-	44.46
Mrs. Neema Thakore	30.94	68.42
Mr. Pradeep Bhandari	47.17	-
Mr. Sandip Ghume	43.43	13.35
	<b>121.54</b>	<b>126.23</b>
ii) Dividend Paid Key Management Personnel		
Mr. Rakesh Parikh	-	2.08
	-	<b>2.08</b>
Relative of Key Management Personnel		
Rakesh Parikh - HUF	-	0.16
	-	<b>0.16</b>
iii) Share based payments (ESOP) Key Management Personnel		
Mr. Rakesh Parikh	-	51.18
	-	<b>51.18</b>

- Number of option pending to be exercised by Mr. Dilip Kunkolienkar as on 31st March, 2020 are 2,46,176 (P.Y. 2,68,676).
- Key Managerial Personnel and their Relatives who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above. Further, it also does not include actual payments of gratuity and leave encashment. Also, reimbursement of expenses to KMP and their relatives are not included above.
- Subsequent to year ended 31st March, 2020, the company has invested € 10,60,000 (equivalent to ₹ 872.06 Lakhs) in equity shares of its subsidiary 'Unichem Laboratories Ltd., Ireland'
- Related party contracts / arrangements have been entered in ordinary course of business and are approved by the board of directors/ shareholders as applicable.

f) In view of the Management, equity Investment in Synchron Research Services Pvt Ltd will not result in the investee company becoming a related party since there is no control / influence over operations :

The summary of transactions with Synchron Research Services Pvt. Ltd are as follows:

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Research & Development Expenditure (Bio-equivalence studies)	4.30	239.65
Rent Income (net of indirect tax)	44.28	40.60
Deposit received	7.50	7.50

#### 47 OPERATING LEASE (LESSEE)

I Disclosure for year ended 31st March 2020 [also refer note 2.15 and 4]

- a) The Company has obtained certain equipment under non-cancellable lease agreements for the period of 36 months which are subject to renewal at mutual consent. It is treated as low value leases. The expenses charged to the statement of profit & loss in current year is ₹36.53 Lakhs and is grouped under note 34 (establishment and administrative expenses).

(₹ in Lakhs)

The details of outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows	2019-2020
Lease payment not later than one year	39.27
Lease Payment later than one year and not later than five years	28.60
Lease Payment later than five year	-

- b) The Company has taken flats / office premises, vehicles and other machinery on cancellable operating leases. There are no restrictions imposed by lease arrangements. These are classified as short term leases. There are no sub-leases. The deposit amount are refundable on completion / cancellation of lease term. The aggregate lease rentals charged as lease rent to the statement of profit and loss in current year is ₹ 102.71 Lakhs and is grouped under note 34 (rent and establishment & administrative expenses).

- c) Disclosure with respect to lease under Ind AS - 116 leases

(₹ in Lakhs)

Particulars	2019-2020
Interest expense on lease liabilities	13.65
Lease expenses in case of short term leases (Refer note 47(b))	102.71
Lease expenses in case of low value leases (other than short term as disclosed above) (Refer note 47(a))	36.53
Total cash outflow for leases [including short term and low value leases]	154.88
Additions to ROU assets	151.71

- d) As indicated in note 2.15, the Company has adopted Ind AS 116 – “Leases” retrospectively from 1st April, 2019, but has not restated comparatives for the 31st March, 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new standard are therefore recognised in the Opening balance sheet on 1st April, 2019 as given below:

Particulars	(₹ in Lakhs)
Right-of-use assets	151.71
Financial liability- Lease liabilities - current	1.99
Financial liability -Lease liabilities - non-current	149.72

The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31st March, 2019. The Company’s weighted average incremental borrowing rate applied to the lease liabilities on 1st April, 2019 was 9.00%

#### Measurement of lease liabilities

Particulars	(₹ in Lakhs)
Operating lease commitments disclosed as at 31st March, 2019	404.04
Discounted using the lessee’s incremental borrowing rate of at the date of initial application	151.71
Low-value leases not recognised as a liability and discounting adjustment	252.33

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note 45 of the Standalone financial statements forming part of 2019 Annual Report and the value of the lease liability as of April 1, 2019 is primarily on account of extension options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

#### II Disclosure for year ended 31st March 2019

- a) The Company has obtained certain equipment under non-cancellable lease agreements for the period of 36 months which are subject to renewal at mutual consent. The Company also holds leasehold land against which there is annual payment over the lease period which is in the range of 24-75 years. It is treated as non-cancellable contracts.

The expenses charged to the statement of profit & loss in current year are ₹25.36 Lakhs (P.Y. ₹14.39 Lakhs) (₹ in Lakhs)

The details of outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows	2018-2019
Lease payment not later than one year	41.69
Lease Payment later than one year and not later than five years	82.20
Lease Payment later than five year	280.15

- b) The Company has taken flats / office premises and vehicles on cancellable operating leases. There are no restrictions imposed by lease arrangements. There are no sub-leases. The deposit amount are refundable on completion / cancellation of lease term. The aggregate lease rentals payable, are charged as lease rent (Refer Note No.34 ) in the statement of profit and loss.

#### 48 DISCONTINUED OPERATION

- a) During the year ended 31st March, 2018, based on the approval obtained from the Shareholders, the Company had transferred its business of manufacture, sale, marketing and distribution of domestic formulations in India and Nepal (“Identified Business”) by way of slump sale on going concern basis to Torrent Pharmaceuticals Limited (“Torrent”). Identified Business includes portfolio of several brands in India and Nepal, manufacturing facility at Sikkim and employees performing work in relation to said business.

- b) Financial performance and cashflow information

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Revenue	-	814.19
Expenses	-	567.23
<b>Profit from Discontinued operations</b>	-	<b>246.96</b>
Gain from sale of identified business(net)	-	-
<b>Profit/(loss) from Discontinued operations (before tax)</b>	-	<b>246.96</b>
Income tax expenses	-	71.24
<b>Profit from Discontinued operations (after tax)</b>	-	<b>175.72</b>
Other Comprehensive Income Discontinued operations	-	-
Net cash inflow(outflow) from Operating activities	(314.41)	546.64
Net cash inflow(outflow) from investing activities	-	-
Net cash inflow(outflow) from financing activities	-	-
<b>Net increase in cash generated from discontinued operations</b>	<b>(314.41)</b>	<b>546.64</b>

Revenue for the year ended 31st March, 2019 mainly includes reversal of provision for doubtful debts of ₹ 521.83 Lakhs and other writebacks.

## 49 EARNINGS PER EQUITY SHARE (EPS)

Particulars			2019-2020	2018-2019
Weighted average number of equity shares for basic EPS	(A)	Nos	7,04,02,492	7,03,57,715
Add : Potential equity shares ( ESOP )		Nos	-	17,855
Weighted average number of equity shares for diluted EPS	(B)	Nos	7,04,02,492	7,03,75,570
Face value of equity share ( fully paid)		₹	2.00	2.00
<b>CONTINUING OPERATIONS</b>				
Profit/(loss) attributable to equity shareholders for basic & Diluted EPS	(C)	₹ Lakhs	(5,631.62)	704.20
Earnings per equity share				
Basic	( C/A )	₹	(8.00)	1.00
Diluted	( C/B )	₹	(8.00)	1.00
<b>DISCONTINUED OPERATIONS</b>				
Profit/(loss) attributable to equity shareholders for basic & Diluted EPS	(D)	₹ Lakhs	-	175.72
Earnings per equity share				
Basic	( D/A )	₹	-	0.25
Diluted	( D/B )	₹	-	0.25
<b>FOR DISCONTINUED &amp; CONTINUING OPERATIONS</b>				
Profit attributable to equity shareholders for basic & Diluted EPS	(E)	₹ Lakhs	(5,631.62)	879.92
Earnings per equity share				
Basic	( E/A )	₹	(8.00)	1.25
Diluted	( E/B )	₹	(8.00)	1.25

Note : Potential equity shares in the form of ESOPs are anti-dilutive, therefore not considered for calculation of diluted earnings per share in current year.

## 50 SHARE BASED PAYMENT PLANS (ESOP)

(i) During the year ended 31st March, 2020 the company has share based payment arrangements which are described below:

Type of arrangement	ESOP 2008			ESOP 2018	
	Independent Directors stock option scheme	Senior Management stock option scheme	Senior Management stock option scheme	Senior Management stock option scheme - I	Senior Management stock option scheme- II
Date of Grant	26.03.2009	17.06.2009	08.03.2014	06.08.2018	19.11.2018
Number granted	50,000	2,97,500	2,25,000	15,12,224	1,75,840
Contractual life	5 Years	5 Years	5 Years	3-5 Years	3-5 Years
Vesting condition	As decided by Board/ Compensation Committee based on various factors				

(ii) Summary of stock option are as follows

Particulars	ESOP 2008	
	2019-2020	2018-2019
Option outstanding at the beginning of the year (Nos.)	22,500	68,750
Exercised during the year (Nos.)	(22,500)	(46,250)
Lapsed during the year ( Nos.)	-	-
Option outstanding at the end of the year ( Nos.)	-	22,500
Vested and exercisable at the end of the year ( Nos.)	-	22,500
Weighted Average Exercise Price (₹)	46	46
Weighted Average Fair Value of Option (₹) *	149	149

\* Fair value calculated based on Black & Scholes option pricing model

Particulars	ESOP 2018	
	2019-2020	2018-2019
Option outstanding at the beginning of the year (Nos.)	16,88,064	-
Granted during the year ( Nos)	-	16,88,064
Exercised during the year (Nos.)	-	-
Lapsed during the year ( Nos.)	(1,75,840)	-
<b>Option outstanding at the end of the year ( Nos.)</b>	<b>15,12,224</b>	<b>16,88,064</b>
Vested and exercisable at the end of the year ( Nos.)	-	-
Weighted Average Exercise Price (₹)	250	250
Weighted Average Fair Value of Option (₹) *	80	80

\* Fair value calculated based on Black & Scholes option pricing model

(iii) Share price at the dates of options exercised during the year ended 31st March 2020 - 24th May 2019 ₹196.04.

(iv) Share options outstanding at the end of year have the following expiry dates and exercise prices

Grant Date	Expiry Date	Scheme Name	Exercise price (₹)	No. of ESOPS	
				2019-2020	2018-2019
8th March 2014	7th March 2024	ESOP 2008	46	-	22,500
6th Aug. 2018	30th June 2023	ESOP 2018	250	7,56,112	7,56,112
6th Aug. 2018	30th June 2024	ESOP 2018	250	7,56,112	7,56,112
19th Nov. 2018	30th June 2023	ESOP 2018	250	-	87,920
19th Nov. 2018	30th June 2024	ESOP 2018	250	-	87,920
				<b>15,12,224</b>	<b>17,10,564</b>

(v) Expense arising from share-based payment transactions

Expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expenses were as follows:

Particulars	2019-2020	2018-2019
Employee option plan	173.61	349.65
<b>Total</b>	<b>173.61</b>	<b>349.65</b>

## 51 PAYMENTS TO STATUTORY AUDITORS AND COST AUDITORS

(₹ in Lakhs)

(i) Statutory Auditors ( Excluding indirect tax )	2019-2020	2018-2019
Included in Establishment & Administrative expenses :		
Audit Fees	38.25	35.00
Tax Audit	8.00	8.00
Certification Charges	2.59	0.81
Taxation	51.54	30.80
Reimbursement of Expenses	3.47	1.25
<b>Total</b>	<b>103.85</b>	<b>75.86</b>
(ii) Cost Auditors ( Excluding indirect Tax )	2019-2020	2018-2019
Included in Establishment & Administrative expenses :		
Audit Fees	8.13	7.50
Certification charges	1.48	0.61
Reimbursement of Expenses	0.15	0.01
<b>Total</b>	<b>9.76</b>	<b>7.52</b>

**52 Establishment and administrative Expenses includes donation given to political party of ₹ 2 Lakhs (P.Y. ₹ Nil)**

## 53 RESEARCH & DEVELOPMENT EXPENDITURE

i) Total Research and Development expenditure including amount incurred at units approved by Department of Scientific & Industrial Research :

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Materials	5,324.29	5,940.33
Salaries, wages and Ex-gratia	2,912.05	2,579.24
Contribution to Provident fund and other Funds	151.16	101.65
Employee's welfare expenses	28.68	25.56
Rent	13.73	14.69
Insurance	28.53	13.72
Rates and Taxes	19.60	36.69
Repairs:		
Buildings	1.80	2.75
Plant and machinery	94.46	76.25
Others	273.79	239.80
Power and fuel	467.54	568.45
Travelling and conveyance	76.16	85.42
Interest	-	1.20
Legal & Professional Expenses	2,206.71	1,230.74
Others ( Bioequivalence Studies, etc.)	4,042.25	4,987.36
<b>Total</b>	<b>15,640.75</b>	<b>15,903.85</b>

- ii) Research and Development expenditure at units approved by Department of Scientific & Industrial Research included in total Research and Development expenditure (Refer note - 53(i))

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Materials	3,562.70	3,208.58
Salaries, wages and Ex-gratia	2,787.48	2,458.58
Contribution to Provident fund and other Funds	145.42	97.80
Employee's welfare expenses	28.05	24.87
Rent	13.73	14.69
Insurance	27.00	13.72
Rates and Taxes	19.60	36.69
Repairs:		
Buildings	-	2.75
Plant and machinery	88.99	76.25
Others	255.46	239.80
Power and fuel	341.37	387.81
Travelling and conveyance	76.16	85.42
Interest	-	1.20
Legal & Professional Expenses	2,206.71	1,230.75
Others ( Bioequivalence Studies, etc.)	2,696.68	3,756.97
<b>Total</b>	<b>12,249.35</b>	<b>11,635.88</b>

#### 54 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS PURSUANT TO SECTION 186(4) OF THE COMPANIES ACT, 2013

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Amount outstanding as at year end :		
Guarantees given *	2,999.36	24,254.84
Investments made **	91,124.32	1,29,140.28

\* Guarantees are given to subsidiaries for business purposes

\*\* Refer note no. 6, 11 and 13 for details of investments made

#### 55 FINANCIAL INSTRUMENTS

- i) The carrying value and fair value of financial instruments by category is as follows :

(₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets* :</b>				
Amortised cost				
Cash and cash equivalents	3,097.76	3,097.76	1,057.09	1,057.09
Other Bank Balances	229.21	229.21	236.85	236.85
Trade receivables	32,309.79	32,309.79	33,134.65	33,134.65
Loans	12.35	12.35	12.10	12.10
Other Financial Assets	2,536.32	2,536.32	3,101.73	3,101.73
Fair value through profit or loss				
Investments in mutual funds and bonds (including Cash and cash equivalents)	59,120.32	59,120.32	97,883.86	97,883.86
Investments in equity instruments	6.09	6.09	7.50	7.50
Derivative Instruments	-	-	237.94	237.94
Fair value through OCI				
Investments in equity instruments	12,444.73	12,444.73	12,000.62	12,000.62
<b>Total</b>	<b>1,09,756.57</b>	<b>1,09,756.57</b>	<b>1,47,672.34</b>	<b>1,47,672.34</b>
<b>Financial liabilities :</b>				
Amortised cost				
Borrowings	1,521.41	1,521.41	-	-
Trade payables	20,822.16	20,822.16	19,269.37	19,269.37
Lease liabilities	149.72	149.72	-	-
Other financial liabilities	6,671.79	6,671.79	3,344.79	3,344.79
Fair value through profit or loss				
Derivative Instruments	447.58	447.58	-	-
<b>Total</b>	<b>29,612.66</b>	<b>29,612.66</b>	<b>22,614.16</b>	<b>22,614.16</b>

\* excluding financial assets measured at cost

ii) Fair value hierarchy

The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 : Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly unobservable;

The following tables categorise the financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value.

Fair value hierarchy as at 31st March, 2020

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments (other than in subsidiaries)	4.09	-	12,446.73	12,450.82
Investments in mutual funds & Bonds	59,120.32	-	-	59,120.32
Financial Liabilities				
Derivative Instruments (loss)	-	447.58	-	447.58

Fair value hierarchy as at 31st March, 2019

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments (other than in subsidiaries)	5.50	-	12,002.62	12,008.12
Investments in mutual funds	97,883.86	-	-	97,883.86
Derivative Instruments gain	-	237.94	-	237.94

**Determination of fair values:** The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value on recurring basis :

**Investment in mutual funds :** The fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

**Equity investments :**

- Equity investments traded in an active market determined by reference to their quoted market prices.
- During the previous year, the Company had made investments in equity shares of unlisted companies aggregating to ₹ 12,000.62 Lakhs. The Company has elected to categorize these investment as fair value through other comprehensive income. Further, based on the overall evaluation carried out by the Company of the investee company and considering no significant variation in their financial performance, cost of these investment is considered as an appropriate estimate of fair value as at 31st March, 2019. During the current year, the above investments are fair valued and the changes in fair value is recognised in other comprehensive income. There are no gains / losses from such investments.

**Derivative instruments :** For forward contracts and cross currency interest rate swaps, future cash flows are estimated based on forward exchange rates and forward interest rates (from observable forward exchange rates / yield curves at the end of the reporting period) and contract forward exchange rates and forward interest rates, discounted at a rate that reflects the credit risk of respective counterparties.

## 56 FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

**Market risk:**

Market risk refers to the possibility that changes in the market rates may have impact on the Company's profits or the value of its holding of financial instruments. The Company is exposed to market risks on account of foreign exchange rates, interest rates and underlying equity prices.

**Foreign currency exchange rate risk:**

The Company's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries and foreign currency transactions. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.



Since a major part of the Company's revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the Company's performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The major foreign currency exposures for the Company are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The Company hedges all trade receivables upto a maximum of 6 months forward based on historical trends. Hedge effectiveness is assessed on a regular basis.

The following table sets forth information relating to foreign currency exposure from USD, EUR and other currencies (which are not material) form non-derivative financial instruments:

(₹ in Lakhs)

As at 31st March 2020	USD	Euro	Others*	Total
<b>Assets</b>				
Trade Receivables & other assets	30,185.56	4,827.96	1,437.87	36,451.39
<b>Total</b>	<b>30,185.56</b>	<b>4,827.96</b>	<b>1,437.87</b>	<b>36,451.39</b>
<b>Liabilities</b>				
Trade Payable & others	5,273.24	249.97	98.49	5,621.70
<b>Total</b>	<b>5,273.24</b>	<b>249.97</b>	<b>98.49</b>	<b>5,621.70</b>
<b>Net Assets/ Liabilities</b>	<b>24,912.32</b>	<b>4,577.99</b>	<b>1,339.38</b>	<b>30,829.69</b>

\*Others mainly include currency namely GBP (pounds), ZAR & CAD

(₹ in Lakhs)

As at 31st March 2019	USD	Euro	Others**	Total
<b>Assets</b>				
Trade Receivables	31,724.34	2,573.00	1,922.94	36,220.28
<b>Total</b>	<b>31,724.34</b>	<b>2,573.00</b>	<b>1,922.94</b>	<b>36,220.28</b>
<b>Liabilities</b>				
Trade Payable	3,040.94	567.43	318.41	3,926.78
<b>Total</b>	<b>3,040.94</b>	<b>567.43</b>	<b>318.41</b>	<b>3,926.78</b>
<b>Net Assets/ Liabilities</b>	<b>28,683.40</b>	<b>2,005.57</b>	<b>1,604.53</b>	<b>32,293.50</b>

\*\*Others mainly include currency namely GBP (pounds), ZAR & CAD

Sensitivity analysis

(₹ in Lakhs)

Particulars	FOREIGN CURRENCY SENSITIVITY					
	As at 31st March 2020			As at 31st March 2019		
	USD	Euro	Others	USD	Euro	Others
1 % Appreciation in INR Impact on Profit & Loss	(249.12)	(45.78)	(13.39)	(286.83)	(20.06)	(16.05)
1 % Depreciation in INR Impact on Profit & Loss	249.12	45.78	13.39	286.83	20.06	16.05

#### Interest Rate Risk:

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates and where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments or borrowings will fluctuate because of fluctuations in the interest rates.

#### Exposure to interest rate risk

The Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate and there are no financial instruments with floating interest rates.

#### Credit risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consists of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables (other than from subsidiaries) and unbilled revenues. The Company does not have significant concentration of credit risk related to trade receivables. In the current year there is no single external party customer which contributes to more than 10% of outstanding accounts receivable (excluding outstanding from subsidiaries) as of 31st March 2020. In previous year, there was a single external party customer which contributed to more than 10% of outstanding accounts receivable (excluding outstanding from subsidiaries).

# Notes to the Standalone Financial Statements

The Company limits its exposure to credit risk by generally investing in liquid securities having and only with counterparties that have a good credit rating. The company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

None of the financial instruments of the company result in material concentration of credit risk. Geographic concentration of credit risk relating to trade receivable (other than subsidiaries) is predominantly there in USA i.e. above 10% and less than 10% in other countries. Refer note no. 12 for movement in expected credit loss allowance.

## Liquidity risk:

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

Contractual maturities of significant financial liabilities are as below:

(₹ in Lakhs)

As at 31-03-2020	In 1 year	More than 1 year	Total
Trade Payable	20,822.16	-	20,822.16
Lease liabilities	1.72	148.00	149.72
Other financial liabilities	8,640.78	-	8,640.78
<b>Total</b>	<b>30,986.07</b>	<b>148.00</b>	<b>31,134.07</b>

(₹ in Lakhs)

As at 31-03-2019	In 1 year	More than 1 year	Total
Trade Payable	19,269.37	-	19,269.37
Other financial liabilities	3,344.79	-	3,344.79
<b>Total</b>	<b>22,614.16</b>	<b>-</b>	<b>22,614.16</b>

## Capital Management

Equity share capital and other equity (other than ESOP Reserve and Other comprehensive income) are considered for the purpose of Company's capital management (refer Statement of Changes in Equity of standalone financial statement). There are no externally imposed capital requirements on the Company. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Company is predominantly equity financed. Further, the company's current assets has always been higher than the liabilities. Also current assets includes cash and bank balances along with investment which is predominantly investment in liquid and short term mutual funds being far in excess of borrowings / debt.

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

## COVID 19 related

In March 2020, the World Health Organisation declared COVID 19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has considered internal and external information while finalizing various estimates and recoverability of assets in relation to its financial statement upto the date of approval of the financial statements by the Board of Directors. Considering the Company is in the business of manufacturing and supplying pharmaceutical products which is categorized under essential goods, management believes that the impact of the pandemic may not be significant. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID 19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

As per our report of even date attached  
**For N. A. Shah Associates LLP**  
 Chartered Accountants  
 Registration No.: 116560W/W100149

**For and on behalf of the Board of Directors**

**Milan Mody**  
 Partner  
 Membership No.: 103286  
 Place: Mumbai  
 Date: 19<sup>th</sup> June, 2020

**Sandip Ghume**  
 Deputy Chief  
 Financial Officer

**Pradeep Bhandari**  
 Head - Legal &  
 Company Secretary

**Dr. Prakash A. Mody**  
 Chairman &  
 Managing Director  
 DIN.: 00001285

**Dilip Kunkolienkar**  
 Director - Technical  
 DIN.: 02666678  
 Goa

# Independent Auditors' Report to the Members of Unichem Laboratories Limited

To  
The Members  
Unichem Laboratories Limited

## Report on the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of Unichem Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising the Consolidated Balance Sheet as at 31st March, 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 then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in paragraph 9 below on separate financial statements and on the other financial information of the subsidiaries and the associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (hereinafter referred to as "the Act") in the manner so required and give a true and fair view in conformity with the Ind AS and accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2020, and their consolidated loss (including other comprehensive income), consolidated statement of changes in equity and their consolidated cash flows for the year ended on that date.

### Basis for Opinion

3. 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 together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Emphasis of Matter

4. We draw attention to note 38 of notes to the consolidated financial statements, which informs that the General Court of the European Union had on 12th December, 2018 rejected the appeal and confirmed the fine of € 13.96 Million (equivalent to ₹ 11,614.72 Lakhs) imposed by the European Commission jointly and severally on the Holding Company and its subsidiary (Niche Generics Limited, UK). The Holding Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the European Union and outcome of the appeals are awaited. Considering the above, in view of the management, no provision for the aforesaid fine is considered necessary. This matter was also reported earlier under 'Emphasis of Matter' paragraph in our report on the standalone and consolidated financial statements for year ended 31st March, 2019. Our opinion is not modified in respect of the above matter.

### Key Audit Matters

5. 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.

#### 5.1. Contingent liability as elaborated above in 'Emphasis of Matter Paragraph'

As elaborated in 'Emphasis of Matter' paragraph given above, the Holding Company and its subsidiary based on legal advice and merits have filed appeals against the decision of General Court before the Court of Justice of the European Union and outcome of the appeals is awaited. This matter of contingent liability is considered as key audit matter for the current audit period and we have relied on the management's assessment which is supported by legal advice and merits that the aforesaid fine is considered as contingent liability.

Refer to note 37(ii) and note 38 of the consolidated financial statements.

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

6. The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance, Business Responsibility Report and Shareholder's Information, 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 will 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 during the course of our audit or otherwise appears to be materially misstated.

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

**Management's Responsibility for the Consolidated Financial Statements**

7. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

8. 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)(l) of the Act, we are also responsible for expressing our opinion on whether the Holding 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 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.

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

**Other matters**

9. We did not audit the standalone financial statements of six subsidiaries, whose financial statements reflect total assets of ₹ 48,676.90 Lakhs, total revenues (including other income) of ₹ 83,884.88 Lakhs, share of total loss after tax amounting to ₹ 187.84 Lakhs, and net cash inflow amounting to ₹ 1,354.96 Lakhs for the year ended 31st March, 2020, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management. These financial statements 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. Our opinion on the consolidated financial statement, 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) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditor.

10. The consolidated financial statements also include the Group's share of net profit of ₹ 81.27 Lakhs for the year ended 31st March, 2020, as considered in the consolidated financial statements, in respect of the associate, whose financial information have not been audited by us. This financial information is unaudited and 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 the associate and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the reports of such other auditor. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

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 standalone financial statements of the associate which are certified by the Management.

## Report on Other Legal and Regulatory Requirements

11. 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 of 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; and with respect to associate, we have relied on the information and explanations provided to us by the management;
- 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 Ind AS specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company, none of the directors are disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act. The Subsidiary companies are incorporated outside India; hence, Section 164(2) of the Act is not applicable to the subsidiary companies. With respect to the associate, the information about disqualification of director u/s 164(2) is not available; hence, we cannot comment on the same;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, considering that the wholly owned subsidiaries are incorporated outside India and an associate whose accounts are not audited as on the date of the report, reporting requirement are not applicable and not possible to report upon respectively. In respect of the Holding Company our report on adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls may be referred to our separate report in Annexure I. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding Company's internal financial controls over financial reporting;
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

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; and

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated financial statements disclose the impact of pending litigations on its financial position of the Group and the associate. Refer note 37(i), 37(ii), 37(v), 37(vi) and note 38 to the consolidated financial statements; except certain claims made by the ex-employees whose services were terminated in earlier years and are not acknowledged as debts. The financial impact of these claims cannot be estimated. However in the opinion of the management, these claims are not tenable;
  - ii. The Group and the associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. With respect to the subsidiaries and the associate, this clause is not applicable.

For **N. A. Shah Associates LLP**

Chartered Accountants

Firm Registration Number: 116560W/W100149

**Milan Mody**

Partner

Membership No. 103286

UDIN.: 20103286AAAABW3705

Mumbai

19th June, 2020



**Annexure I to Independent Auditor's Report for the year ended 31<sup>st</sup> March 2020****[Referred to in point 11 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date]****Report on the Internal Financial Controls under section 143(3)(l) of the Companies Act, 2013 ("the Act")****Opinion**

In conjunction with our audit of the consolidated financial statements of Unichem Laboratories Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate company as of and for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of the Holding Company.

In our opinion the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Holding 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 ICAI.

**Management's Responsibility for Internal Financial Controls**

The Holding Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note"), 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 Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A Holding Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. The Holding Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding Company are being made only in accordance with authorizations of management and directors of the Holding Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Holding Company's assets that could have a material effect on the consolidated financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

For **N. A. Shah Associates LLP**

Chartered Accountants

Firm Registration Number: 116560W/W100149

**Milan Mody**

Partner

Membership No. 103286

UDIN.: 20103286AAAABW3705

Mumbai

19th June, 2020



# Consolidated Balance Sheet as at 31st March, 2020

CIN: L99999MH1962PLC012451

(₹ in Lakhs)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>I. ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	3	81,519.78	80,449.82
(b) Right of use assets	4	4,931.39	-
(c) Capital work-in-progress	3	33,046.97	9,238.89
(d) Investment property	5	359.60	365.91
(e) Goodwill	3	154.51	154.51
(f) Other intangible assets	3	-	24.55
(g) Investments accounted for using the equity method	6	627.48	546.21
(h) Financial assets			
(i) Investments	6	12,450.82	12,008.12
(ii) Loans	7	7.95	6.39
(iii) Other financial assets	8	1,003.35	974.19
(i) Deferred tax assets (net)	9	293.75	1,668.45
(j) Other non-current assets	10	11,431.37	5,595.50
		<b>1,45,826.97</b>	<b>1,11,032.54</b>
<b>Current assets</b>			
(a) Inventories	11	39,654.10	33,866.46
(b) Financial assets			
(i) Investments	12	41,910.22	80,075.13
(ii) Trade receivables	13	39,013.99	43,604.89
(iii) Cash and bank balances	14		
Cash & cash equivalents		22,621.99	19,704.67
Other bank balances		759.06	394.26
(iv) Loans	15	4.40	5.71
(v) Other financial assets	16	1,532.97	2,365.48
(c) Other current assets	17	23,149.89	23,824.82
		<b>1,68,646.62</b>	<b>2,03,841.42</b>
<b>Non Current Assets held for sale</b>	<b>3.7</b>	<b>-</b>	<b>87.19</b>
<b>TOTAL ASSETS</b>		<b>3,14,473.59</b>	<b>3,14,961.15</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	18	1,408.12	1,407.67
(b) Other equity	19	2,51,727.05	2,60,583.02
		<b>2,53,135.17</b>	<b>2,61,990.69</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	20	1,845.35	-
(b) Provisions	21	2,351.21	1,459.90
(c) Deferred tax liabilities (net)	22	-	749.57
(d) Other long term liabilities	23	469.21	469.21
		<b>4,665.77</b>	<b>2,678.68</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24	18,403.36	19,966.55
(ii) Trade payables	25		
Total outstanding dues of micro enterprises and small enterprises		247.91	258.04
Total outstanding dues of creditors other than micro enterprises and small enterprises		24,773.69	21,882.49
(iii) Lease liabilities	20	402.06	-
(iv) Other financial liabilities	26	7,270.29	3,371.17
(b) Other current liabilities	27	4,531.48	3,474.26
(c) Provisions	28	980.80	1,125.06
(d) Current tax liabilities (net)		63.06	214.21
		<b>56,672.65</b>	<b>50,291.78</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,14,473.59</b>	<b>3,14,961.15</b>
<b>Significant accounting policies &amp; notes</b>	<b>1- 54</b>		

## Notes to Accounts form an integral part of consolidated financial statements

As per our report of even date attached

**For N. A. Shah Associates LLP**

Chartered Accountants

Registration No.: 116560W/W100149

**For and on behalf of the Board of Directors**

**Milan Mody**

Partner

Membership No.: 103286

Place: Mumbai

Date: 19<sup>th</sup> June, 2020

**Sandip Ghume**

Deputy Chief

Financial Officer

**Pradeep Bhandari**

Head - Legal &

Company Secretary

**Dr. Prakash A. Mody**

Chairman &

Managing Director

DIN.: 00001285

**Dilip Kunkolienkar**

Director - Technical

DIN.: 02666678

Goa

# Consolidated Statement of Profit and Loss for the year ended 31st March, 2020

CIN: L99999MH1962PLC012451

(₹ in Lakhs)

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>CONTINUING OPERATIONS</b>			
I Revenue from operations	29	1,21,062.12	1,18,004.68
II Other income	30	9,131.31	9,841.29
<b>III Total Income (I+II)</b>		<b>1,30,193.43</b>	<b>1,27,845.97</b>
<b>IV EXPENSES</b>			
Cost of materials consumed	31	42,143.46	47,691.79
Purchases of Stock-in-Trade		104.37	20.86
Changes in inventories of finished goods and work-in-progress	31	(3,575.68)	(3,247.73)
Employee benefits expense	32	27,327.99	23,852.32
Finance costs	33	784.72	752.23
Impairment loss on financial assets	34	-	560.59
Depreciation and amortization expense	3,4	8,166.94	6,736.68
Other expenses	35	60,143.92	57,476.28
<b>Total expenses (IV)</b>		<b>1,35,095.72</b>	<b>1,33,843.02</b>
<b>V Profit/(loss) before share of profit/(loss) of an associate (III - IV)</b>		<b>(4,902.29)</b>	<b>(5,997.05)</b>
VI Share of profit/(loss) in associate (net of tax)		81.27	6.52
<b>VII Profit/(loss) before tax (V+VI)</b>		<b>(4,821.02)</b>	<b>(5,990.53)</b>
VIII Tax expense:			
(1) Current tax	22	547.24	713.83
(2) Deferred tax (credit) / charge	9,22	649.99	(4,024.15)
(3) Short / (Excess) provision for tax (earlier years)	22	-	(124.45)
<b>IX Profit / (Loss) for the year from continuing operations (VII-VIII)</b>		<b>(6,018.25)</b>	<b>(2,555.76)</b>
<b>DISCONTINUED OPERATIONS</b>			
X Profit/(loss) from discontinued operations	49	-	246.96
XI Tax expenses on discontinued operations	22	-	71.24
<b>XII Profit/(loss) from discontinued operations (after tax)(X-XI)</b>		<b>-</b>	<b>175.72</b>
<b>XIII Profit/(loss) for the year (IX+XII)</b>		<b>(6,018.25)</b>	<b>(2,380.04)</b>
XIV Other Comprehensive Income	36		
A (i) Items that will not be reclassified to profit or loss		299.50	(41.41)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	12.92
B (i) Items that will be reclassified to profit or loss		6.14	215.46
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total Other Comprehensive Income</b>		<b>305.64</b>	<b>186.97</b>
<b>XV Total Comprehensive Income for the year (XIII+XIV)</b>		<b>(5,712.61)</b>	<b>(2,193.07)</b>
<b>Earnings per equity share(face value of ₹ 2 each)</b>			
XVI Earnings per equity share (for continuing operations):	45		
(1) Basic		(8.55)	(3.63)
(2) Diluted		(8.55)	(3.63)
XVII Earnings per equity share (for discontinued operation):			
(1) Basic		-	0.25
(2) Diluted		-	0.25
XVIII Earnings per equity share (for discontinued & continuing operations)			
(1) Basic		(8.55)	(3.38)
(2) Diluted		(8.55)	(3.38)
<b>Significant accounting policies &amp; notes</b>	<b>1- 54</b>		

## Notes to Accounts form an integral part of consolidated financial statements

As per our report of even date attached

**For N. A. Shah Associates LLP**

Chartered Accountants

Registration No.: 116560W/W100149

**For and on behalf of the Board of Directors**

**Milan Mody**

Partner

Membership No.: 103286

Place: Mumbai

Date: 19<sup>th</sup> June, 2020

**Sandip Ghume**

Deputy Chief

Financial Officer

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Head - Legal &

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**Dr. Prakash A. Mody**

Chairman &

Managing Director

DIN.: 00001285

**Dilip Kunkolienkar**

Director - Technical

DIN.: 02666678

Goa

# Consolidated Statement of Changes in Equity for the year ended 31st March, 2020

CIN: L99999MH1962PLC012451

## A. Equity Share Capital

Particulars	2019-2020		2018-2019	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Shares outstanding as at the beginning of the year	7,03,83,250	1,407.67	7,03,37,000	1,406.74
Add: Shares allotted under ESOP during the year	22,500	0.45	46,250	0.93
<b>Shares outstanding as at the end of the year</b>	<b>7,04,05,750</b>	<b>1,408.12</b>	<b>7,03,83,250</b>	<b>1,407.67</b>

## B. Other Equity

(₹ in Lakhs)

Particulars	Employee stock options outstanding account	Reserves and Surplus			Other Comprehensive Income (OCI)			Total
		Securities Premium	Capital Redemption Reserve	Retained Earnings	Remeasurements of defined benefit plans	Equity instrument through OCI	Exchange differences on translating the financial statements of a foreign operation	
<b>Balance at 31st March, 2018</b>	<b>59.30</b>	-	<b>1,246.00</b>	<b>2,65,425.44</b>	<b>(292.04)</b>	-	<b>162.94</b>	<b>2,66,601.64</b>
Profit for the year	-	-	-	(2,380.04)	-	-	-	(2,380.04)
Other comprehensive Income for the year (net of tax)	-	-	-	-	(28.49)	-	215.46	186.97
Payment of dividends (Incl. Tax on dividend)	-	-	-	(4,239.75)	-	-	-	(4,239.75)
Recognition of share-based payments (ESOP)	324.71	-	-	-	-	-	-	324.71
Issue of shares under ESOP	-	89.49	-	-	-	-	-	89.49
<b>Balance at 31st March, 2019</b>	<b>384.01</b>	<b>89.49</b>	<b>1,246.00</b>	<b>2,58,805.65</b>	<b>(320.53)</b>	-	<b>378.40</b>	<b>2,60,583.02</b>
Profit/(loss) for the year	-	-	-	(6,018.25)	-	-	-	(6,018.25)
Other comprehensive Income for the year (net of tax)	-	-	-	-	(144.60)	444.10	6.14	305.64
Payment of dividends (Incl. Tax on dividend)	-	-	-	(3,395.11)	-	-	-	(3,395.11)
Transfer to retained earnings	(109.63)	-	-	109.63	-	-	-	-
Recognition of share-based payments (ESOP) (net)	208.22	-	-	-	-	-	-	208.22
Issue of shares under ESOP	-	43.53	-	-	-	-	-	43.53
<b>Balance at 31st March, 2020</b>	<b>482.60</b>	<b>133.02</b>	<b>1,246.00</b>	<b>2,49,501.92</b>	<b>(465.13)</b>	<b>444.10</b>	<b>384.54</b>	<b>2,51,727.05</b>

### Significant accounting policies & notes

Notes to Accounts form an integral part of consolidated financial statements

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#### Employee stock option outstanding account

The fair value of the equity-settled share based payment transactions with employees is recognised in statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

#### 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. The utilisation of securities premium is in accordance with the section 52 of the Indian Companies Act, 2013.

#### Capital redemption reserve

The Holding Company had recognised capital redemption reserve on buyback of equity shares from its retained earnings. The amount in capital redemption reserve is equal to nominal amount of the equity shares bought back. This reserve will be utilised in accordance with the section 69 of the Indian Companies Act, 2013. It also includes capital redemption reserve of a subsidiary.

#### Other comprehensive income

- The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Holding Company. The remeasurement gains/(losses) are recognised in other comprehensive income and accumulated under this reserve within equity. The amounts recognised under this reserve are not reclassified to profit or loss.
- Equity instrument through OCI represents changes in fair value of equity instruments which are measured at fair value through OCI, net off taxes.
- Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in separate reserve within equity. The cumulative amount is reclassified to profit or loss when the investment is disposed-off.

As per our report of even date attached

**For N. A. Shah Associates LLP**

Chartered Accountants

Registration No.: 116560W/W100149

**For and on behalf of the Board of Directors**

**Milan Mody**

Partner

Membership No.: 103286

Place: Mumbai

Date: 19<sup>th</sup> June, 2020

**Sandip Ghume**

Deputy Chief

Financial Officer

**Pradeep Bhandari**

Head - Legal &

Company Secretary

**Dr. Prakash A. Mody**

Chairman &

Managing Director

DIN.: 00001285

**Dilip Kunkolienkar**

Director - Technical

DIN.: 02666678

Goa

# Consolidated Statement of Cash Flows for the year ended 31st March, 2020

CIN: L99999MH1962PLC012451

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>A. Cash Flow from Operating Activities</b>		
Net Profit/(loss) before tax from continuing operations	(4,821.02)	(5,990.53)
Net Profit/(loss) before tax from discontinued operations	-	246.96
<b>Net Profit/(loss) before tax</b>	<b>(4,821.02)</b>	<b>(5,743.57)</b>
Adjustments:		
Depreciation / amortisation / Impairment loss (including investment property)	8,172.20	6,742.99
Loss / (profit) on sale / discard of property, plant and equipment (net)	185.73	1,027.80
Unrealised exchange difference (net)	(548.92)	404.34
Expenses for purchase of investments	-	194.75
Rent income	(38.12)	(190.52)
Share of (profit) / loss from associate	(81.27)	(6.52)
Finance cost (including interest impact on financial assets / liabilities)	784.72	752.23
Provision for doubtful debts, loans ,advances & deposits (net)	(35.25)	(685.72)
Employees compensation expenses (ESOP)	241.66	393.84
Fair value gain on investments (net)	(2,735.30)	(2,711.05)
Interest income	(3,869.15)	(4,497.85)
Excess provision for expenses written back	(39.70)	(205.75)
Impairment loss on financial assets [inter corporate deposits & interest thereon]	-	560.59
Dividend income	(157.64)	(1,099.12)
Operating Profit/(loss) Before Working Capital Changes	1,878.96 (2,942.06)	680.01 (5,063.56)
Working capital Adjustments:		
Trade receivables & other assets	6,309.42	(19,788.94)
Inventories	(5,787.64)	(6,580.02)
Trade payable & other liabilities	4,835.74	(124.79)
Cash Generated from Operations	5,357.52	(26,493.75)
Direct taxes refund received / (payment made)	2,415.46 (433.81)	(31,557.31) (1,219.65)
<b>Net Cash Flow from/(used in) Operating Activities A</b>	<b>1,981.65</b>	<b>(32,776.96)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of property, plant & equipment including Capital WIP	(38,615.20)	(19,430.72)
Proceeds from sale of property, plant and equipment	588.20	276.33
Investments made -others (FVTOCI) [including incidental acquisition expenses]	-	(12,195.37)
Sale / (purchase) of current investment (net)	29,614.92	(2,524.49)
Inter - Corporate deposits (placed) / Matured	-	(500.00)
Rent received (including amount received in advance)	38.12	40.31
(Increase) / decrease in escrow bank accounts	(364.80)	1,144.48
Interest received	4,460.04	3,489.58
Dividend received	157.64	1,099.12
<b>Net cash flow from / (used in) Investing Activities B</b>	<b>(4,121.08)</b>	<b>(28,600.76)</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase / (decrease) in working capital borrowings (net)	(1,658.98)	4,937.83
Proceeds from employee stock option plan	10.35	21.28
Receipt / (payment) of long term loan from BIRAC	-	(46.94)
Payments of Lease liabilities	(470.62)	-
Finance cost paid (Incl. interest impact on financial assets / liabilities)	(707.34)	(919.11)
Dividend paid (inclusive of dividend tax)	(3,403.36)	(4,234.58)
<b>Net cash flow from/( used) in Financing Activities C</b>	<b>(6,229.95)</b>	<b>(241.52)</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(8,369.38)</b>	<b>(61,619.24)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>19,704.67</b>	<b>66,607.28</b>
Add: Current Investments reclassified as cash and cash equivalents during the year	11,286.70	30,991.37
<b>Cash and Cash Equivalents at year end</b>	<b>22,621.99</b>	<b>14,716.63</b>
		81,323.91
		<b>19,704.67</b>
<b>Significant accounting policies &amp; notes</b>	<b>1- 54</b>	

Notes: 1. Changes in financing liabilities arising from cash and non-cash changes applicable for current year. In previous year, there were no such transactions.

(₹ in Lakhs)

Particulars	1st April 2019	Cash inflows / (outflows)	Non-cash changes	31st March 2020
Short term borrowings (packing credit) - non cash changes arising out of exchange rate fluctuations	-	1,425.63	95.78	1,521.41
Lease liabilities - non cash changes arising out of unwinding of liabilities	2,636.66	(470.62)	81.37	2,247.41

## Notes to Accounts form an integral part of consolidated financial statements

As per our report of even date attached

**For N. A. Shah Associates LLP**

Chartered Accountants

Registration No.: 116560W/W100149

**Milan Mody**

Partner

Membership No.: 103286

Place: Mumbai

Date: 19<sup>th</sup> June, 2020

**Sandip Ghume**

Deputy Chief

Financial Officer

**Pradeep Bhandari**

Head - Legal &

Company Secretary

**For and on behalf of the Board of Directors**

**Dr. Prakash A. Mody**

Chairman &

Managing Director

DIN.: 00001285

**Dilip Kunkolienkar**

Director - Technical

DIN.: 02666678

Goa

# Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2020

## 1. Group information

The consolidated financial statements comprise the financial statements of the Unichem Laboratories Limited (the Holding Company) and the following wholly owned subsidiaries and associate (together referred to as “the Group”):

Name of Entity	Country of Incorporation*	Principal Activities
<b>Subsidiaries (having 100% of ownership interest)</b>		
Niche Generics Limited	United Kingdom	Pharmaceuticals
Unichem SA Pty Ltd.	South Africa	Pharmaceuticals
Unichem Pharmaceuticals (USA) Inc.	United States of America	Pharmaceuticals
Unichem Farmaceutica Do Brasil Ltda	Brazil	Pharmaceuticals
Unichem Laboratories Limited.	Ireland	Pharmaceuticals
Unichem China Pvt Ltd – (w.e.f. 27th June 2019)	China	Pharmaceuticals
<b>Associate</b>		
Synchron Research Services Pvt. Ltd.	India	Technical Testing and Analysis Services
(Proportion of equity holding – 32.11%)		

\* Principal place of business is same as country of incorporation.

Equity Investment in ‘Synchron Research Services Pvt. Ltd.’ is accounted as per Ind AS 28 - Investments in Associates and joint ventures, although the Holding Company does not exercise any significant influence over the operations of investee.

The consolidated financial statements of the Group for the year ended 31st March, 2020 were approved and adopted by the Board of Directors in their meeting dated 19th June, 2020.

## 2. Significant accounting policies

### 2.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended for rules issued thereafter, the provisions of the Companies Act, 2013 (“the Act”) and guidelines issued by the Securities and Exchange Board of India.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### 2.2. Basis of preparation and presentation

These consolidated financial statements have been prepared on the historical cost convention and on accrual basis except for the following assets and liabilities which have been measured at fair value:

- i. Certain financial assets and liabilities (including derivative instruments);
- ii. Defined benefit plans – plan assets;
- iii. Equity settled share based payments;
- iv. Assets held for sale

The financial statements are in accordance with Division II of Schedule III to the Act, as applicable to the Holding Company.

### 2.3. Basis of Consolidation

- i) The Holding Company consolidates all entities which it controls. Control is established when the Holding Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has ability to affect the entity’s returns by using its power over the entity.
- ii) The Holding Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Profit or loss and each component of other comprehensive income are attributed to the owners of the Holding Company.
- iii) Profit or loss and each component of other comprehensive income are attributed to the owners of the Holding Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Holding Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- iv) Where the cost of the investment is higher than the share of equity in the subsidiary at the time of acquisition, the resulting difference is treated as goodwill. Where the cost of the equity is lower than the share of equity in the subsidiary, the difference is treated as capital reserve.
- v) The financial statements of the Holding Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.

- vi) Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full. Tax impact is given for the intra-group eliminations wherever applicable.
- vii) In case of subsidiaries, revenue items are converted at the average rate 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 recognised in the Foreign Currency Translation Reserve in 'other equity'.
- viii) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- ix) Investment in associates where the Holding Company holds more than 20% of equity and/or having significant influence, are accounted for using equity method as per Ind AS 28 - Investments in Associates and joint ventures.
- x) The Holding Company accounts for its share of post-acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Holding Company and its associates to the extent of its share, to the extent such change is attributable to the associates' Statement of Profit and Loss.
- xi) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

#### 2.4. Current and non-current classification

All assets and liabilities are presented in the Balance Sheet based on current or non-current classification as per Group's normal operating cycle and other criteria set out in the division II of Schedule III of the Act.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the Group has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities.

#### 2.5. Functional currency and presentation of currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Holding Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Holding Company's functional and presentation currency. All amounts are rounded off to the nearest rupees in lakhs. The functional currency of foreign subsidiaries is the currency of the primary economic environment in which the entity operates.

#### 2.6. Use of significant accounting estimates, judgements and assumptions

The preparation of the financial statements requires the management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported balances of assets and liabilities, disclosure of contingent liabilities and assets as on the date of financial statements and reported amounts of income and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below.

- i) Estimation of useful life of Property, plant and equipment (refer note no 2.9 and 3)
- ii) Estimation of useful life of intangible assets (refer note no 2.11 and 3)
- iii) Impairment of goodwill (refer note no. 2.12 and 3)
- iv) Impairment of Property, plant and equipment and Capital work-in-progress (refer note no 2.14 and 3)
- v) Estimation of provisions and contingent liabilities (refer note 2.19, 28 and 37)
- vi) Estimation of defined benefit plan and other long term benefits (refer note no 2.20, 21, 28 and 48)
- vii) Fair value measurement and impairment of financial instruments (refer note no 2.30, 34 and 52)
- viii) Recognition of "Right of use" of assets as per the requirement of Ind AS 116. (refer note no. 2.17, 4, 20, 47(i))

#### 2.7. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised on satisfaction of performance obligation as per contract and upon transfer of control of products to customers.

Revenue is measured at the transaction price that is allocated to that performance obligation. Amounts disclosed as revenue are net of other indirect taxes, discounts, rebates, expiry claims and sales returns.

Income from services including commission income, product development revenue and licence fees income is recognised when the services are rendered or when contracted milestones have been achieved and is recorded net of indirect taxes.

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

Interest income on financial assets is recognised using the effective interest rate.

Dividend income is recognised when the Group right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of dividend can be measured reliably.



Rental income on investment property given under operating lease arrangement is recognised on straight line basis over the lease term in accordance with terms of agreement. Rental income is recorded net of indirect tax and expenses which are directly attributable to investment property.

## 2.8. Taxes

Income Tax expenses for the year comprises of current tax, deferred tax charge or credit, minimum alternate tax credit and adjustments of taxes for earlier years that may become necessary due to certain developments or reviews during the relevant period. In respect of amounts adjusted outside the statement of profit or loss (i.e. in other comprehensive income or equity), the corresponding tax effect, if any, is also adjusted in other comprehensive income or in equity and not in the statement of profit or loss.

### Current tax

Provision for current tax is made as per the provisions of governing tax laws. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

Current tax assets and current tax liabilities are offset when there is legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

### Minimum Alternate Tax Credit

The Group recognises tax credits in the nature of Minimum Alternative Tax (MAT) credit as an asset only to the extent that there is convincing evidence that the Group will pay normal tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Group recognises tax credits as an asset, the said asset is created by way of tax credit to the statement of profit and loss.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. In situations where the Group has unused tax losses and unused tax credits, deferred tax assets are recognised only if it is probable that they can be utilized against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each Balance Sheet date.

Deferred tax liabilities arising out of temporary differences associated with investment in subsidiaries and associates, are not recognised when the Holding Company can control the timing of the reversal of temporary difference and it is probable that the temporary difference will not reverse in foreseeable future.

At each reporting date, the Group re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become probable that future taxable profit allow deferred tax assets to be recovered.

For units which enjoy tax holiday benefit, deferred tax assets and liabilities have been provided for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

### Dividend Distribution Tax

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognised in statement of changes in equity as part of associated dividend payment.

## 2.9. Property, plant and equipment (Tangible Assets) and depreciation

Subsequent to transition to Ind AS, property, plant and equipment (PPE) are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Gross carrying amount of all property, plant and equipment are measured using cost model.

Cost of an item of property, plant and equipment includes purchase price including non - refundable taxes and duties, borrowing cost directly attributable to the qualifying asset, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and the present value of the expected cost for the dismantling/decommissioning of the asset.

Cost for subsequent additions comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditures are added to its gross book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

The Group identifies and determines cost of each component/part of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful life that is materially different from that of the remaining plant and equipment.

Pre-operation expenses and trial runs (net of revenue) and borrowing cost directly attributable to the cost of construction of the qualifying asset are treated as part of the project cost and are capitalized / allocated to the cost of asset in the year in which the project is completed. Administrative and other expenses which are not directly related to construction are charged to the statement of profit and loss.

Gains or losses arising from derecognition of tangible property, plant and equipment are recognised in the statement of profit and loss.

Depreciation is provided on all assets (other than free hold land and capital work-in-progress), on pro-rata basis, using following methods based on the respective estimate of useful lives as given below.

- a) Straight-Line Method on buildings, plant and machinery, computers and servers
- b) Written-Down Value Method for others

The management believes that useful lives currently used is as prescribed under Part C of Schedule II to the Indian Companies Act, 2013, fairly reflect its estimate of the useful lives and residual values of property, plant and equipment.

Estimated useful lives of the Property, Plant and Equipment are as follows:

Nature of assets	Useful life
Leasehold land[upto 31st March 2019] – also refer note 2.17	Over lease period [30 to 90 years]
Factory buildings on leasehold land	Lower of 30 years or balance lease period
Buildings on freehold land	30 to 60 years
Roads	3 to 10 years
Plant and equipments [other than below ]	10 to 15 years
Plant and equipments [continuous processing assets and other special equipment's related to Pharma industry]	20 to 25 years
Furniture and fixture	5 to 10 years
Vehicles	8 years
Office equipments	3 to 5 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under "Other non-current assets". Cost of assets under construction / acquisition / not put to use at the Balance Sheet date are disclosed under "Capital work-in-progress".

## 2.10. Investment Property

Property that is held for long-term rentals yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Subsequent to transition to Ind AS, investment properties are measured at its cost, including related transaction costs and where applicable borrowing costs less depreciation and impairment if any. Depreciation on building held as Investment Property is provided over its useful life (of 60 years) using the straight line method.

## 2.11. Intangible Assets and amortization

Intangible assets acquired separately are measured at cost of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Intangible assets comprise licence submission fees which are amortised over their estimated useful economic life (expected to be about 5 years) from commencement of marketing. The estimated useful life of intangible asset is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

Other standalone softwares / licenses cost are fully charged off to Statement of Profit and Loss in the year of expenditure. These softwares / licenses are for administrative purposes.

## 2.12. Goodwill

Goodwill represents the excess of the consideration paid to acquire a business over the underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) that is expected to benefit from the synergies of the combination. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**2.13. Non-Current assets held for sale and discontinued operations**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Non-current assets and liabilities classified as held for sale are presented separately from the other assets and liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

**2.14. Impairment of non-financial assets**

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of a) fair value of assets less cost of disposal and b) its value in use. Value in use is the present value of future cash flows expected to be derived from asset or Cash-Generating Unit (CGU).

Based on the assessment done at each balance sheet date, recognised impairment loss is further provided or reversed depending on changes in circumstances. After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. If the conditions leading to recognition of impairment losses no longer exist or have decreased, impairment losses recognised are reversed to the extent it does not exceed the carrying amount that would have been determined after considering depreciation / amortisation had no impairment loss been recognised in earlier years.

**2.15. Research and development expenditure**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized.

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, plant and equipment and depreciation.

**2.16. Foreign currency transactions**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. As at the Balance Sheet date, foreign currency monetary items are translated at closing exchange rate. Exchange difference arising on settlement or translation of foreign currency monetary items are recognised as income or expense in the year in which they arise.

Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate at the date of transaction. Foreign currency non-monetary items which are measured at fair value are reported using the exchange rate at the date when the fair value is determined. Exchange difference arising on fair valuation of non-monetary items is recognised in line with the gain or loss of item that give rise to such exchange difference (i.e. translation differences on items whose gain or loss is recognised in statement of profit and loss or other comprehensive income is also recognised in the statement of profit or loss or other comprehensive income respectively).

**2.17. Leases****Policy applicable from 1st April, 2019**

The Group has applied Ind AS 116 - "Leases" from 1st April, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17 - "Leases".

Right-of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated balance sheet as at 31st March, 2019. The details of the changes in accounting policies are disclosed in note 4, 20, 47(l) of the consolidated financial statements.

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 period of time in exchange for consideration. The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

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 comprise of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date net of lease incentive received, 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.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

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. The lease liability is measured at amortised cost using the effective interest method.

Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

#### **Policy applicable before 1st April, 2019**

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

### **2.18. Inventories**

Inventories consists of raw materials, packing materials, stores and spares, stock-in-trade, work-in-progress and finished goods. Inventories of raw materials, packing material, stores and spares are valued at cost and other inventories are valued at lower of cost and net realisable value after providing for obsolete / slow moving items. Cost is determined on weighted average basis.

Cost includes cost of purchase, non-refundable taxes and other costs / overheads incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

### **2.19. Provisions, contingent liabilities and contingent assets**

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

**2.20. Employee benefits****i) Short-term employee benefit**

All employee benefits falling due wholly within twelve months after the end of the reporting period are classified as short term employee benefits and they are recognised as an expense at the undiscounted amount in the statement of profit and loss in the period in which the employee renders the related service.

**ii) Post-employment benefits****a. Defined contribution plan**

The Group contributes fixed contribution to a government administered fund and will have no legal or constructive obligation to pay further contribution.

Certain employees of the Holding Company are participants in Superannuation plan. The Holding Company has no further obligations to the Superannuation plan beyond its monthly contributions which are periodically contributed to "Unichem Laboratories Limited Employees Superannuation Fund Trust", the corpus of which is invested with the Life Insurance Corporation of India.

The Group's contribution to defined contribution plans are recognised in the statement of profit and loss in the period in which the employee renders the related services.

**b. Defined benefit plan**

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations. The Holding Company fully contributes all ascertained liabilities to "Unichem Laboratories Limited Employees Gratuity Fund Trust", the corpus of which is invested with the Life Insurance Corporation of India.

The current service cost and interest on the net defined benefit liability / (asset) is recognised in the statement of profit and loss. Past service cost are immediately recognised in the statement of profit and loss. Actuarial gains and losses net of deferred taxes arising from experience adjustment and changes in actuarial assumptions are recognised in other comprehensive income and are not reclassified to statement of profit or loss in subsequent periods. Gains or losses on the curtailment or settlement of defined benefit plan are recognised when the curtailment or settlement occurs.

**iii) Other long-term benefits**

The Holding Company has other long-term benefits in the form of leave benefits. The present value of the obligation is determined based on actuarial valuation using the projected unit credit method carried out by independent actuary. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations. Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions are recognised immediately in the statement of profit and loss as income or expense. Gains or losses on the curtailment or settlement of other long-term benefits are recognised when the curtailment or settlement occurs.

In case of a subsidiary (Niche Generics Limited), employees who have completed specified years of service are eligible for a death benefit plan wherein a defined amount would be paid to the survivors of the employee in the event of their death while in service with the subsidiary. To fulfil the subsidiary's obligation for the above mentioned plan, the subsidiary has taken term policy from an insurance company. The annual premium for insurance cover is recognised in the profit and loss account.

**2.21. Equity settled share-based payments**

Equity-settled share based payments to employees are measured at the fair value (i.e. excess of fair value over the exercise price of the option) of the Employee Stock Options Plan at the grant date. The fair value of option at the grant date is calculated by Black-Scholes model. In case the options are granted to employees of the Holding Company and Subsidiary Company, the fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the Holding Company's estimate of options that will eventually vest, with a corresponding increase in equity.

The dilutive effect of outstanding options is reflected in determining the diluted earnings per share.

**2.22. Operating Segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Operating Segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the CODM, in deciding how to allocate resources and assessing performance.

**2.23. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an

asset which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest expenses calculated as per effective interest method, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

#### **2.24. Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Holding company will comply with its conditions.

Government grants relating to income are recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate. In case of Exports Promotion Capital Goods (EPCG) scheme, government grants is recognised in the statement of profit and loss over the period of fulfilment of export obligation.

Government grants relating to the assets are credited in the statement of profit and loss over the expected useful life of the assets.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the fair value of the loan and the proceeds received.

#### **2.25. Dividend distribution**

Final equity dividends on shares are recorded as a liability on the date of approval by the shareholders and interim equity dividends are recorded as a liability on the date of declaration by the Holding Company's Board of Directors.

#### **2.26. Share Capital**

Ordinary shares are classified as equity. Transaction cost related to buy-back of equity shares is reduced from the retained earnings / reserves, net of tax effects.

#### **2.27. Earnings per equity share**

The Basic earnings per equity share is computed by dividing the net profit after tax for the year attributable to the equity shareholders of the Holding Company by weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share are computed by dividing the net profit attributable to equity holders of the Holding Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, share split, etc.

#### **2.28. Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short term deposits, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short term deposits, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's cash management.

#### **2.29. Cash flow statement**

Cash Flows are reported using Indirect Method, whereby profit for the year 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 flows from operating, investing and financing activities of the Group are segregated.

#### **2.30. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

##### **Effective interest method:**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

##### **Financial assets:**

##### **Cash and bank balances**

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short term



highly liquid investments / mutual funds (with zero exit load at the time of investment) that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Other bank balances includes balances and deposits with bank that are restricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets measured at fair value**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In respect of equity investments (other than joint ventures) which are not held for trading, the Group has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Group on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

**Impairment of financial assets**

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

**De-recognition of financial assets**

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Financial liabilities and equity instruments****Classification as debt or equity**

Financial liabilities and equity instruments issued by the Holding Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Holding Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Financial liabilities**

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

**De-recognition of financial liabilities**

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**2.31. New Ind AS & amendments to existing Ind AS issued but not effective as at 31st March 2020**

Ministry of Corporate Affairs has not notified new standards or amendments to the existing standards which would have been effective from 1st April, 2020.

## 3 PROPERTY, PLANT &amp; EQUIPMENT

(₹ in Lakhs)

Particulars	Property, Plant & equipment								Goodwill	Intangible Assets		Total Intangible Assets	Capital work-in-progress
	Freehold land	Leasehold land	Buildings **	Plant & equipments	Furniture & fixture	Vehicles	Office equipment	Total		Software Licenses	Product Licenses		
<b>Gross carrying value, at cost</b>													
As at 31st March, 2018	378.01	1,703.05	23,885.44	41,378.25	555.32	311.35	285.14	68,496.56	154.51	-	323.06	477.57	23,815.05
Additions	-	1,338.46	7,599.08	20,777.16	211.85	159.73	294.35	30,380.63	-	32.59	98.88	131.47	12,514.00
Disposal, slump sale transfer & Exchange gain/loss	-	-	262.22	1,458.33	21.21	139.78	4.91	1,886.45	-	-	3.81	3.81	27,090.16
<b>As at 31st March, 2019</b>	<b>378.01</b>	<b>3,041.51</b>	<b>31,222.30</b>	<b>60,697.08</b>	<b>745.96</b>	<b>331.30</b>	<b>574.58</b>	<b>96,990.74</b>	<b>154.51</b>	<b>32.59</b>	<b>418.13</b>	<b>605.23</b>	<b>9,238.89</b>
Additions	189.77	-	2,015.20	8,818.69	596.78	7.27	211.69	11,839.40	-	91.95	223.70	315.65	36,075.00
Disposal/held for sale & Exchange gain/loss	-	-	646.15	1,101.62	(13.81)	75.27	4.52	1,813.75	-	-	-	-	12,266.92
Reclassified on account of adoption of Ind AS 116 (refer note 4)	-	(3,041.51)	-	-	-	-	-	(3,041.51)	-	-	-	-	-
<b>As at 31st March, 2020</b>	<b>567.79</b>	<b>-</b>	<b>32,591.35</b>	<b>68,414.15</b>	<b>1,356.55</b>	<b>263.30</b>	<b>781.75</b>	<b>1,03,974.89</b>	<b>154.51</b>	<b>124.54</b>	<b>641.84</b>	<b>920.89</b>	<b>33,046.97</b>
<b>Depreciation / amortisation / Impairment</b>													
As at 31st March, 2018	-	170.52	2,145.45	8,379.18	243.22	125.33	188.46	11,252.16	-	-	276.96	276.96	-
Charge for the year	-	55.84	1,237.99	4,946.94	104.51	74.17	147.86	6,567.31	-	32.59	136.78	169.37	-
Charged to CWIP	-	1.04	-	-	-	-	-	1.04	-	-	-	-	-
Disposal, slump sale transfer & Exchange gain/loss	-	-	44.96	1,120.06	3.27	110.65	0.65	1,279.59	-	-	20.16	20.16	-
<b>As at 31st March, 2019</b>	<b>-</b>	<b>227.40</b>	<b>3,338.48</b>	<b>12,206.06</b>	<b>344.46</b>	<b>88.85</b>	<b>335.67</b>	<b>16,540.92</b>	<b>-</b>	<b>32.59</b>	<b>393.58</b>	<b>426.17</b>	<b>-</b>
Charge for the year - Depreciation & amortization	-	-	1,419.27	5,530.79	149.06	75.49	160.04	7,334.65	-	91.95	124.25	216.20	-
Charge for the year - Impairment losses	-	-	-	-	-	-	-	-	-	-	77.96	77.96	-
Disposal/held for sale & Exchange gain/loss	-	-	131.84	912.28	66.45	69.20	13.29	1,193.06	-	-	(46.05)	(46.05)	-
Reclassified on account of adoption of Ind AS 116 (refer note 4)	-	(227.40)	-	-	-	-	-	(227.40)	-	-	-	-	-
<b>As at 31st March, 2020</b>	<b>-</b>	<b>-</b>	<b>4,625.91</b>	<b>16,824.57</b>	<b>427.07</b>	<b>95.14</b>	<b>482.42</b>	<b>22,455.11</b>	<b>-</b>	<b>124.54</b>	<b>641.84</b>	<b>766.38</b>	<b>-</b>
<b>Net book value</b>													
<b>As at 31st March, 2020</b>	<b>567.79</b>	<b>-</b>	<b>27,965.44</b>	<b>51,589.58</b>	<b>929.48</b>	<b>168.16</b>	<b>299.33</b>	<b>81,519.78</b>	<b>154.51</b>	<b>-</b>	<b>-</b>	<b>154.51</b>	<b>33,046.97</b>
As at 31st March, 2019	378.01	2,814.11	27,883.82	48,491.02	401.50	242.45	238.91	80,449.82	154.51	-	24.55	179.06	9,238.89

\*\* Buildings include one Flat amounting to ₹ 97.16 Lakhs (P.Y. ₹ 97.16 Lakhs) where the co-operative society is yet to be formed.

Notes :

- Building includes cost of shares in cooperative societies ₹ 0.56 Lakhs (P.Y. ₹ 0.56 Lakhs)
- Capital work-in-progress includes ₹ 10,431.73 Lakhs (P.Y. ₹ 2,697.87 Lakhs) on account of cost of construction
- The amount of capital commitment disclosed in note 39(a)
- During the year, certain property plant and equipment were hypothecated /mortgaged as security for borrowing as disclosed under note 40.
- The Group tests goodwill for impairment annually and provides for impairment if the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is determined based on "value in use" calculations which is calculated as the net present value of forecasted cash flows of cash generating unit (CGU) to which the goodwill is related. Key assumptions are as follows:
  - Projected cash flows
  - Long term growth rate depending on macro-economic growth factors.
  - Discount rate reflecting current market assessment of the risks specific to the CGU.
- Addition to property plant and equipment and CWIP includes ₹ 1,584.57 Lakhs (P.Y. ₹ 1,949.88 Lakhs) being expenditure on Research and Development as under:

Assets Description	2019-2020	2018-2019
Buildings	7.39	129.66
Plant & Machinery	1,506.52	1,779.63
Furniture & Fixtures	10.73	6.68
Office Equipment	14.01	18.19
Capital Work in Progress	45.92	15.72
<b>Total</b>	<b>1,584.57</b>	<b>1,949.88</b>

- Non Current Assets held for sale as on 31st March 2019 represents plant and equipment which are held for disposal and valued at the lower of their carrying amount and fair value less costs to sell. These assets are expected to be disposed off in the next 12 months. Expected loss on above assets is recognised and grouped under Other expenses (loss on sale /discard of Property, plant and equipment-note 35)

## 4 RIGHT OF USE ASSETS

Following are the changes in the carrying value of right of use assets for the year ended 31st March, 2020:

(₹ in Lakhs)

Particulars	Category of ROU assets		
	Land	Buildings	Total
<b>Balance as at 1st April, 2019</b>			
Reclassified on account of adoption of Ind AS 116	2,814.11	-	2,814.11
Additions - transition adjustment as on 1st April 2019	151.71	2,484.95	2,636.66
Additions	17.70	-	17.70
Deletions	-	-	-
Depreciation	(60.49)	(432.17)	(492.66)
Depreciation charged to CWIP	(44.42)	-	(44.42)
<b>Balance as at 31st March, 2020</b>	<b>2,878.61</b>	<b>2,052.78</b>	<b>4,931.39</b>

Refer note - 47(l)

The Group holds leasehold land and building against which there is annual payment over the lease period which is in range of 24-75 years and 6-10 years respectively and is non-cancellable. The terms and conditions includes extension of the lease period subject to fulfillment of the conditions as per lease agreements.

**5 INVESTMENT PROPERTY**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>Gross Carrying amount</b>		
Opening gross Carrying amount	398.81	398.81
Additions	-	-
<b>Closing gross carrying amount</b>	<b>398.81</b>	<b>398.81</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	32.90	26.59
Depreciation charge(netted off from rent income)	6.31	6.31
<b>Closing accumulated depreciation</b>	<b>39.21</b>	<b>32.90</b>
<b>Net carrying Amount</b>	<b>359.60</b>	<b>365.91</b>

i) Amounts recognised in profit or loss for investment property

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
	<b>Gross Carrying amount</b>	
Rental Income	44.29	40.60
Depreciation	6.31	6.31
<b>Net income from investment property</b>	<b>37.98</b>	<b>34.29</b>

ii) Operating lease agreement is cancellable. The fair value of the property is not readily available however based on the annual rent income earned by the Holding Company, the fair value would be higher than the carrying value of the assets.

**6 INVESTMENTS ( NON-CURRENT )****6.1 Investments accounted for using the equity method**

(₹ in Lakhs)

Particulars	No of Shares		Face value	As at	As at
	As at	As at		31st March, 2020	31st March, 2019
	31st March, 2020	31st March, 2019			
<b>(I) At Cost :</b>					
<b>UNQUOTED</b>					
Equity Instruments of Associates (Fully Paid)					
Synchron Research Services Private Limited	2,08,333	2,08,333	₹10	569.31	569.31
Add: Share in Profit / ( Loss) after tax				58.17	(23.10)
<b>Total of Investments measured at cost</b>				<b>627.48</b>	<b>546.21</b>

**6.2 Investments - Non current**

(₹ in Lakhs)

Particulars	No of Shares		Face value	As at	As at
	As at	As at		31st March, 2020	31st March, 2019
	31st March, 2020	31st March, 2019			
<b>I At fair value through profit and loss (FVTPL)</b>					
<b>UNQUOTED</b>					
<b>Equity Instruments (fully paid)</b>					
Mediklin Healthcare Limited	2,02,500	2,02,500	₹ 10	-	-
Shivalik Solid Waste Management Limited	20,000	20,000	₹ 10	2.00	2.00
<b>Sub Total</b>				<b>2.00</b>	<b>2.00</b>
<b>QUOTED</b>					
<b>Equity Instruments (fully paid)</b>					
Jindal Polyfilm Limited	2,000	2,000	₹ 10	4.01	5.27
Jindal Poly Investment and Finance Company Ltd	500	500	₹ 10	0.05	0.17
Aurobindo Pharma Ltd	8	8	₹ 1	0.03	0.06
Kothari Industrial Corporation Ltd	20	20	₹ 5	-	-
<b>Sub Total</b>				<b>4.09</b>	<b>5.50</b>
<b>Total of Investments measured at FVTPL</b>				<b>6.09</b>	<b>7.50</b>
<b>II At fair value through Other comprehensive Income (FVTOCI)</b>					
<b>UNQUOTED</b>					
<b>Equity Instruments (fully paid)</b>					
Optimus Drugs Private Limited	17,04,034	17,04,034	₹ 10	7,344.39	7,208.06
Optrix Laboratories Private Limited	21,98,423	21,98,423	₹ 10	5,100.34	4,792.56
<b>Total of Investments measured at FVTOCI</b>				<b>12,444.73</b>	<b>12,000.62</b>
<b>Total</b>				<b>12,450.82</b>	<b>12,008.12</b>
Aggregate book value of unquoted investments				13,074.21	12,548.83
Aggregate amount of impairment in value of investments				-	-
Aggregate book value of quoted investments				4.09	5.50
Aggregate market value of quoted investments				4.09	5.50

**7 LOANS ( NON-CURRENT )**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>Unsecured, considered good</b>		
Loans to Employees	7.95	6.39
<b>Total</b>	<b>7.95</b>	<b>6.39</b>

**8 OTHER FINANCIAL ASSETS - NON CURRENT**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Inter Corporate Deposits (Net of provision for Impairment loss of ₹ 500 Lakhs, P.Y. ₹ 500 Lakhs) [refer note no. 34]	500.00	500.00
Deposits		
Considered Good	503.35	474.19
Considered Doubtful	78.52	56.04
Less : Allowance for Doubtful deposits	(78.52)	(56.04)
	503.35	474.19
<b>Total</b>	<b>1,003.35</b>	<b>974.19</b>

**9 DEFERRED TAX ASSETS**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Deferred tax assets pertaining to subsidiaries(net)	293.75	1,668.45
<b>Total</b>	<b>293.75</b>	<b>1,668.45</b>

9.1 The deferred tax asset comprises of:

Particulars	As at	Charge/(credit)	As at
	31st March, 2020	for the year	31st March, 2019
<b>Deferred Tax Assets/(Liabilities)</b>			
Unrealised profits(net) on account of Intra-group eliminations	-	1,373.39	1,373.39
Capitalized development stage costs	142.35	17.96	160.31
Exchange difference for the year	-	24.85	-
Depreciation/Amortization	(63.27)	32.87	(30.40)
Others	214.67	(49.52)	165.15
<b>Total</b>	<b>293.75</b>	<b>1,399.55</b>	<b>1,668.45</b>

Particulars	As at	Charge/(credit)	As at
	31st March, 2019	for the year	31st March, 2018
<b>Deferred Tax Assets</b>			
Unrealised profits(net) on account of Intra-group eliminations	1,373.39	(1,373.39)	-
Brought forward losses	-	154.78	154.78
Capitalized development stage costs	160.31	86.46	246.77
Exchange difference for the year	-	21.54	-
Depreciation/Amortization	(30.40)	(10.62)	(41.02)
Others	165.15	(165.15)	-
<b>Total</b>	<b>1,668.45</b>	<b>(1,286.38)</b>	<b>360.53</b>

9.2 In case of certain subsidiaries, deferred tax asset has not been recognised on unused tax losses of ₹ 18,237.62 Lakhs (P.Y. ₹ 17,129.61 Lakhs). in the absence of probable future taxable income. This loss can be carried forward as per the timeline prescribed in jurisdiction of the subsidiaries.

**10 OTHER NON CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Capital advances (Net of provision for Doubtful advances ₹ 11.86 Lakhs, P.Y. ₹ 11.86 Lakhs)	9,040.98	3,242.83
Payments to European Commission(refer note-38)	1,152.33	939.43
Balance with government authorities	155.02	65.62
Advance income tax (net of provision)	1,083.04	1,347.62
<b>Total</b>	<b>11,431.37</b>	<b>5,595.50</b>

**11 INVENTORIES**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Raw Materials [Include ₹ 683.59 Lakhs in transit, (P.Y ₹ 1,400.45 Lakhs)]	17,364.35	15,392.90
Packing Materials	2,232.08	2,213.67
Work-in- Progress	7,422.24	7,076.45
Finished Goods [Include ₹ 568.43 Lakhs in transit, (P.Y ₹ 291.29 Lakhs)]	12,084.68	8,854.79
Stores and Spares	550.75	328.65
<b>Total</b>	<b>39,654.10</b>	<b>33,866.46</b>

Note:

- During the year ended 31st March 2020, ₹ 1,246.84 Lakhs (P.Y ₹ 1,743.07 Lakhs) was recognised as an expenses for inventories carried at net realisable value
- Refer note 2.18 for accounting policy for inventory valuation.

**12 INVESTMENTS ( CURRENT )**

(₹ in Lakhs)

Particulars	No of Units		Amount	
	As at	As at	As at	As at
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
<b>At fair value through profit and loss (FVTPL)</b>				
<b>QUOTED</b>				
<b>INVESTMENT IN MUTUAL FUNDS</b>				
Reliance Arbitrage Adv. Fund - Dir.Monthly Dividend	-	3,91,15,366.86	-	5,268.20
ICICI Prudential Liquid fund - Direct Plan - Growth	-	21,87,957.21	-	6,047.87
SBI Liquid Fund Direct Growth	1,39,570.00	3,27,056.82	4,339.26	9,578.09
HDFC Liquid fund- Direct Plan- Growth	-	3,07,838.00	-	11,323.16
<b>INVESTMENT IN PERPETUAL BOND</b>				
HDFC Bank Limited Sr-1 8.85 BD	579.00	1,080.00	5,736.38	10,680.41
Axis Bank Limited Sr-26 8.75 NCD	1,700.00	1,700.00	16,855.40	16,589.48
State Bank of India Sr-III 8.39 BD	1,500.00	2,100.00	14,979.18	20,587.92
<b>Total</b>			<b>41,910.22</b>	<b>80,075.13</b>
Aggregate book value of quoted investments			41,910.22	80,075.13
Aggregate market value of quoted investments			41,910.22	80,075.13

Investments in mutual funds are pledged with Citibank N.A. Refer note 40.

**13 TRADE RECEIVABLES**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Considered good - Secured	-	-
Unsecured		
Considered good	39,013.99	43,604.89
Considered Doubtful	364.01	456.25
Less : Allowance for Doubtful debts	(364.01)	(456.25)
<b>Total</b>	<b>39,013.99</b>	<b>43,604.89</b>

The movement in allowance for doubtful receivables is as follows :

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Opening balance	456.25	1,167.12
Add : Allowance for doubtful receivables made during the year	78.31	-
Less : Allowance for doubtful receivables reversed/utilised during the year	(170.55)	(710.87)
<b>Closing balance</b>	<b>364.01</b>	<b>456.25</b>

## 14 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	No of Units		Amount	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
<b>(a) Cash &amp; cash equivalents</b>				
(i) Balances with banks			5,404.46	1,887.50
In Current Accounts				
(ii) Cash on hand			7.43	8.44
(iii) Investments in Mutual Fund ( At FVTPL)				
<b>Quoted</b>				
Edelweiss Arbitrage Fund-Monthly dividend direct plan	-	3,23,96,357.76	-	4,080.02
HDFC Liquid fund- Direct Plan- Growth Option	85,389.08	17,934.13	3,335.82	659.67
HDFC Overnight Fund - Direct Plan - Growth	-	86,183.71	-	2,432.43
ICICI Prudential Liquid fund - Direct Plan - Growth	5,10,873.43	-	1,500.75	-
ICICI Prudential Equity arbitrage Fund-Direct plan-Growth	1,96,05,845.80	-	5,290.07	-
SBI Liquid Fund Direct Growth	48,475.37	-	1,507.11	-
IDFC Arbitrage Fund - Growth - (Direct Plan)	2,16,71,870.74	-	5,576.35	-
Kotak Equity Arbitrage Fund- Direct Plan	-	3,36,32,285.95	-	7,916.67
Reliance Arbitrage Advantage Fund - Direct Monthly Dividend Plan	-	2,47,35,904.52	-	2,719.94
			<b>22,621.99</b>	<b>19,704.67</b>
<b>(b) Other bank balances ( Restricted bank balances )</b>				
In Unpaid Dividend Account			228.60	236.85
In Fixed Deposits (against Bank Guarantee) having Original maturity more than 3 months			530.46	157.41
			<b>759.06</b>	<b>394.26</b>
<b>Total</b>			<b>23,381.05</b>	<b>20,098.93</b>
Aggregate book value of quoted investments			17,210.10	17,808.73
Aggregate market value of quoted investments			17,210.10	17,808.73

## 15 LOAN-CURRENT

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>Unsecured, considered good</b>		
Loans to Employees	4.40	5.71
<b>Total</b>	<b>4.40</b>	<b>5.71</b>

## 16 OTHER FINANCIAL ASSETS - CURRENT

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Accrued Interest on bonds and fixed deposits (Net of provision for Impairment loss, ₹ 60.59 Lakhs, P.Y. ₹ 60.59 Lakhs)	1,532.97	2,123.86
Others (Forward contract receivable, etc.)	-	241.62
<b>Total</b>	<b>1,532.97</b>	<b>2,365.48</b>

## 17 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>Unsecured, Considered Good</b>		
Prepaid Expenses	1,821.87	1,735.69
Balances with Revenue Authorities (Including refund receivables)	16,041.94	17,192.87
Advance against materials & expenses	2,257.23	2,219.75
Export incentive receivable	2,445.87	2,017.02
Other receivables /advances		
Considered good	582.98	659.49
Considered Doubtful	193.78	159.27
Less :Provision for Doubtful Advances	(193.78)	(159.27)
<b>Total</b>	<b>23,149.89</b>	<b>23,824.82</b>

17.1 The movement in allowance for doubtful advances (including allowance made against non current items) is given below (₹ in Lakhs)

Particulars	2019-2020	2018-2019
Opening balance (refer note 8,10,16 and 17)	787.76	201.74
Add : Allowance for doubtful advances made during the year	56.99	586.02
<b>Closing balance</b>	<b>844.75</b>	<b>787.76</b>



**18 EQUITY SHARE CAPITAL**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>AUTHORISED</b>		
17,50,00,000 Equity Shares of ₹ 2/- each (P.Y :17,50,00,000 Equity shares of ₹ 2/- each)	3,500.00	3,500.00
5,00,00,000 Unclassified Shares of ₹ 2/- each (P.Y.: 5,00,00,000 Unclassified Shares of ₹ 2/- each)	1,000.00	1,000.00
50,00,000 Preference Shares of ₹ 10/- each (P.Y. : 50,00,000 Preference Shares of ₹ 10/- each)	500.00	500.00
<b>Total</b>	<b>5,000.00</b>	<b>5,000.00</b>

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
7,04,05,750 Equity Shares of ₹ 2/- each fully paid up (P.Y 7,03,83,250 Equity Shares of ₹ 2/- each fully paid up)	1,408.12	1,407.67
<b>Total</b>	<b>1,408.12</b>	<b>1,407.67</b>

Reconciliation of Number of Shares (Equity)	2019-2020		2018-2019	
	No of Shares	Amount (₹ in Lakhs)	No of Shares	Amount (₹ in Lakhs)
Shares outstanding as at the beginning of the year	7,03,83,250	1,407.67	7,03,37,000	1,406.74
Add:Shares allotted under ESOP during the year	22,500	0.45	46,250	0.93
<b>Shares outstanding as at the end of the year</b>	<b>7,04,05,750</b>	<b>1,408.12</b>	<b>7,03,83,250</b>	<b>1,407.67</b>

**Rights, preferences and restrictions attached to Equity Shares.**

The Holding Company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

**Shareholders holding more than 5 per cent of total Equity Shares**

Name of the Shareholders	As at 31st March, 2020		As at 31st March, 2019	
	No of Shares	% held	No of Shares	% held
Dr. Prakash Amrut Mody	3,24,55,699	46.10	3,24,19,392	46.09
HDFC Small Cap Fund*	50,93,189	7.23		

\* Previous year holding was less than 5%

As per the records of the Holding Company, including its register of shareholders / members & other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

## 19 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>CAPITAL REDEMPTION RESERVE</b>		
Balance at beginning of year	1,246.00	1,246.00
Add : Additions /(deductions ) during the year	-	-
<b>Balance at end of year</b>	<b>1,246.00</b>	<b>1,246.00</b>
<b>SECURITIES PREMIUM</b>		
Balance at beginning of year	89.49	-
Add : Additions /(deductions ) during the year	43.53	89.49
<b>Balance at end of year</b>	<b>133.02</b>	<b>89.49</b>
<b>SHARE OPTIONS OUTSTANDING ACCOUNT</b>		
Balance at beginning of year	1,967.40	102.57
Add : Additions during the year	-	1,933.96
Less : Deduction during the year	(762.87)	(69.13)
	1,204.53	1,967.40
Less: Deferred Employees' stock compensation	(721.93)	(1,583.39)
<b>Balance at end of year</b>	<b>482.60</b>	<b>384.01</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>		
Balance at beginning of year	378.40	162.94
Exchange difference arising on translating the foreign operations	6.14	215.46
<b>Balance at end of year</b>	<b>384.54</b>	<b>378.40</b>
<b>EQUITY INSTRUMENT THROUGH OCI</b>		
Balance at beginning of year	-	-
Add/(Less): Movements during the year	444.10	-
<b>Balance at end of year</b>	<b>444.10</b>	<b>-</b>
<b>REMEASUREMENTS OF DEFINED BENEFIT PLANS</b>		
Balance at beginning of year	(320.53)	(292.04)
Add/(Less): Movements during the year	(144.60)	(28.49)
<b>Balance at end of year</b>	<b>(465.13)</b>	<b>(320.53)</b>
<b>RETAINED EARNINGS</b>		
Balance at beginning of year	2,58,805.65	2,65,425.44
Add: Profit/(loss) for the year	(6,018.25)	(2,380.04)
Add: Transfer from shares options outstanding Account	109.63	-
Less :Final Dividend paid ( Incl. Tax on dividend)	3,395.11	4,239.75
<b>Balance at end of year</b>	<b>2,49,501.92</b>	<b>2,58,805.65</b>
<b>Total Reserves &amp; Surplus</b>	<b>2,51,727.05</b>	<b>2,60,583.02</b>

19.1 During the year ended 31st March, 2018, the Holding Company had concluded the buyback of 20,600,000 equity shares aggregating 22.65% of the paid-up equity share capital of the Holding Company at a price of ₹ 430 per equity share. The Holding Company had funded the buyback from its securities premium account, general reserve and retained earnings. Further, capital redemption reserve of ₹ 412.00 Lakhs representing the nominal value of the shares bought back had been created as an appropriation from retained earnings. Transaction costs related to buyback were adjusted against retained earnings(net of tax).

19.2 In respect of the year ended 31st March ,2020,the Board of Directors of the Holding Company at its meeting held on 19th June, 2020 recommended a dividend of ₹ 4/- per share to be paid on its fully paid up equity shares having a face value of ₹ 2/-. This equity dividend is subject to the approval of shareholders at the ensuing Annual General Meeting and has not been included as a liability in these consolidated financial statements. The total estimated equity dividend (including tax on dividend) to be paid is ₹ 2,816.23 Lakhs.

## 20 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current lease liabilities	402.06	-
Non-current lease liabilities	1,845.35	-
<b>Total</b>	<b>2,247.41</b>	<b>-</b>

Refer note - 47(l)

**21 PROVISIONS - NON CURRENT**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Provision for employee benefits :		
Defined benefit plan-Gratuity	266.52	-
Leave benefits	1,582.09	1,274.87
Long term bonus	502.60	185.03
<b>Total</b>	<b>2,351.21</b>	<b>1,459.90</b>

**22 DEFERRED TAX LIABILITIES (NET)**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Deferred tax liabilities (net) in respect of the Holding Company	-	749.57
	-	<b>749.57</b>

22.1 In case of Holding Company, deferred tax asset has not been recognised on unused tax depreciation of ₹ 15,026.49 Lakhs in the absence of probable future taxable income. The said unused tax depreciation does not have an expiry date. Further deferred tax assets is also not recognised on long term capital loss of ₹ 290.65 Lakhs which expires in the fiscal year 2026-27 in the absence of probable long term capital gain. Also, in the absence of probable future taxable income, the Holding Company has not recognised MAT credit of ₹ 13,755.64 Lakhs (P.Y. ₹ 13,755.64 Lakhs) which can be used upto periods ranging from year 2025-2032.

**22.2 Income tax expense/ (benefit) recognized in consolidated statement of profit and loss (Holding Company and its Subsidiaries):**

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
<b>Current tax:</b>		
Current tax on profits for the year	547.24	713.83
MAT credit availed for earlier years*	-	-
Adjustments for current tax of prior periods*	-	(124.45)
<b>Total Current tax expense</b>	<b>547.24</b>	<b>589.38</b>
<b>Deferred Tax:</b>		
Decrease (increase) in Deferred Tax Assets	(186.87)	(5,955.83)
(Decrease) Increase in Deferred Tax Liabilities	836.86	2,168.07
<b>Total Deferred tax expense /(credit)</b>	<b>649.99</b>	<b>(3,787.76)</b>
<b>Aggregate income tax expense [continued and discontinued operations]</b>	<b>1,197.23</b>	<b>(3,198.38)</b>

\* Short / excess provision for income tax (net) of earlier years is on account of final tax liability as per returns filed and assessments completed

**22.3 Income tax expense recognized in other comprehensive income and other equity (Holding Company and its Subsidiaries):**

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Net Loss/(Gain) on Re-measurements of Defined Benefit Plans		
Current income tax	-	-
Deferred tax	-	(12.92)
<b>Income Tax Expense/(Income) Charged to OCI</b>	<b>-</b>	<b>(12.92)</b>

**22.4 Reconciliation of tax expense and the accounting profit (Holding Company and its Subsidiaries) multiplied by India's domestic tax rate:**

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Profit / (loss) from continuing operations before Income Tax	(4,821.02)	(5,990.53)
Profit from discontinued operations (including gain on sale of identified business in previous year) before Income Tax	-	246.96
<b>Total profit/(loss) before income taxes</b>	<b>(4,821.02)</b>	<b>(5,743.57)</b>
At India's Statutory Income Tax Rate of 31.20%	(1,504.16)	(1,791.99)
<b>Adjustments to reconcile expected income tax expense to reported income tax expense</b>		
Weighted deduction allowed in respect of research and development expenses	1,235.12	(1,977.15)
Reversal of deferred tax in respect of unrealised profits on intra-group elimination	1,373.39	-
Effect of expenses not deductible in determining taxable profit	-	139.57
Effect of income exempt from taxation	-	(342.93)
Capital gain taxable at lower rate	-	-
Adjustments for current tax of prior periods	-	(124.45)
Others (net)	92.88	733.42
<b>Adjusted income tax expenses</b>	<b>1,197.23</b>	<b>(3,363.53)</b>
<b>Effective Income Tax Rate</b>	<b>-24.83%</b>	<b>58.56%</b>

**22.5 Reflected in the Balance Sheet as follows:**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>Deferred Tax Liabilities</b>		
Depreciation and amortisation	9,025.55	8,221.57
	<b>9,025.55</b>	<b>8,221.57</b>
<b>Deferred Tax Assets</b>		
Allowance for doubtful trade receivables	113.57	142.35
Allowance for doubtful advances	62.95	49.69
Allowance for impairment in value of investments	1,474.04	1,474.04
Allowance for impairment in value of other financial assets	174.90	174.90
Provision for employee benefits	812.76	589.99
Business loss / unabsorbed depreciation	6,338.00	4,689.45
Others	49.33	351.58
	<b>9,025.55</b>	<b>7,472.00</b>
<b>Deferred Tax Liabilities (net)</b>	<b>-</b>	<b>749.57</b>

**22.6 Movement of deferred tax liabilities / (assets) during the year 2019-2020**

(₹ in Lakhs)

Particulars	Opening balance 1st April, 2019	(Credit) / charge recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance 31st March, 2020
<b>Deferred tax liabilities in relation to</b>				
Depreciation and amortisation	8,221.57	803.98	-	9,025.55
<b>Deferred tax assets in relation to</b>				
Allowance for doubtful trade receivables	(142.35)	28.78	-	(113.57)
Allowance for doubtful advances	(49.69)	(13.26)	-	(62.95)
Allowance for impairment in value of investments	(1,474.04)	-	-	(1,474.04)
Allowance for impairment in value of other financial assets	(174.90)	-	-	(174.90)
Provision for employee benefits	(589.99)	(222.77)	-	(812.76)
Business loss / unabsorbed depreciation	(4,689.45)	(1,648.55)	-	(6,338.00)
Others	(351.58)	302.25	-	(49.33)
<b>Deferred tax liabilities net</b>	<b>749.57</b>	<b>(749.57)</b>	<b>-</b>	<b>-</b>

**22.7 Movement of deferred tax liabilities / (assets) during the year 2018-2019**

(₹ in Lakhs)

Particulars	Opening balance 1st April, 2018	(Credit) / charge recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance 31st March, 2019
<b>Deferred tax liabilities in relation to</b>				
Depreciation and amortisation	6,042.87	2,178.70	-	8,221.57
<b>Deferred tax assets in relation to</b>				
Allowance for doubtful trade receivables	(385.67)	243.32	-	(142.35)
Allowance for doubtful advances	(59.24)	9.55	-	(49.69)
Allowance for impairment in value of investments	(1,411.05)	(62.99)	-	(1,474.04)
Allowance for impairment in value of other financial assets	-	(174.90)	-	(174.90)
Provision for employee benefits	(481.16)	(95.91)	(12.92)	(589.99)
Business loss / unabsorbed depreciation	-	(4,689.45)	-	(4,689.45)
Others	(276.74)	(74.84)	-	(351.58)
<b>Deferred tax liabilities net</b>	<b>3,429.01</b>	<b>(2,666.52)</b>	<b>(12.92)</b>	<b>749.57</b>

**23 OTHER LONG TERM LIABILITIES**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Unsecured		
Others(Customer Advances)	469.21	469.21
<b>Total</b>	<b>469.21</b>	<b>469.21</b>

**24 BORROWINGS-CURRENT**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>Secured</b>		
<b>From Banks</b>		
Packing credit (refer note 40)	1,521.41	-
Cash credit facility, repayable on demand (refer note 40)	16,881.95	19,966.55
<b>Total</b>	<b>18,403.36</b>	<b>19,966.55</b>

**25 TRADE PAYABLES**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>Trade Payables</b>		
Total outstanding dues of micro enterprises and small enterprises	247.91	258.04
Total outstanding dues of creditors other than micro enterprises and small enterprises	24,773.69	21,882.49
<b>Total</b>	<b>25,021.60</b>	<b>22,140.53</b>

**26 OTHER FINANCIAL LIABILITY-CURRENT**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Unclaimed Dividend	228.60	236.85
Deposits from Customers	19.64	19.64
Payable for employee benefits	1,683.75	1,412.44
Payable for Capital Goods	4,890.72	1,702.24
Others (Forward contract payable)	447.58	-
<b>Total</b>	<b>7,270.29</b>	<b>3,371.17</b>

**27 OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>Other Payables</b>		
Statutory Dues	2,631.54	2,837.26
Revenue received in advance (refer note 27.1)	1,008.93	155.78
Others (customer advances, etc.)	891.01	481.22
<b>Total</b>	<b>4,531.48</b>	<b>3,474.26</b>

27.1 It includes ₹ 1,008.93 Lakhs (P.Y. ₹ 155.78 Lakhs) of grants (in the nature of export benefits) relating to property, plant and equipment imported under the EPCG scheme. Under such scheme, the Holding Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Holding Company would be required to pay the duty saved along with interest to the regulatory authorities.

**28 PROVISIONS - CURRENT**

(₹ in Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Provision for employee benefits :		
Defined benefit plan	299.93	159.95
Leave benefits	456.43	426.26
Other Provisions		
Expiry and other claims (refer note 28.1)	224.44	538.85
<b>Total</b>	<b>980.80</b>	<b>1,125.06</b>

28.1 The Holding Company has made provision towards expected returns from market which are primarily in the nature of expired or near expiry products and other claims. Cash outflow is expected within 12 months from balance sheet date. The Holding Company does not expect any reimbursement in regards to the provision made.

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
	Opening Balance	538.85
Add : provisions made	-	462.92
Less: utilisations	314.41	1,393.05
<b>Closing balance</b>	<b>224.44</b>	<b>538.85</b>

**29 REVENUE FROM OPERATIONS**

(₹ in Lakhs)

Particulars	For the year ended	For the year ended
	31st March, 2020	31st March, 2019
Sale of products	1,15,649.25	1,12,277.01
Other operating revenues		
Export benefits	3,660.93	4,072.77
Other operating revenues (Raw material, solvent, scrap sale, R&D revenue etc.)	1,751.94	1,654.90
	5,412.87	5,727.67
<b>Total Revenue from Operations</b>	<b>1,21,062.12</b>	<b>1,18,004.68</b>

29.1 Disclosure for disaggregation of revenue :

(₹ in Lakhs)

Particulars	For the year ended	For the year ended
	31st March, 2020	31st March, 2019
Formulations	1,04,270.86	99,628.15
Bulk Drugs and chemicals	11,378.39	12,648.86
<b>Total</b>	<b>1,15,649.25</b>	<b>1,12,277.01</b>

**30 OTHER INCOME**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest Income (Refer note 30.1)	3,869.15	4,497.85
Dividend Income on investments measured at Fair value through Profit and loss	157.64	1,099.12
Net gain on investments measured at Fair value through Profit and loss	2,735.30	2,711.05
Other non-operating Income ( lease rent, etc.)(net)	72.20	261.57
Net gain / (Loss) on foreign currency translation and transactions	2,297.02	1,271.70
<b>Total</b>	<b>9,131.31</b>	<b>9,841.29</b>

## 30.1 Details of interest income

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest Income on financial assets measured at amortised cost/others	64.46	118.17
Interest Income on investments measured at Fair value through Profit and loss	3,804.69	4,379.68

**31 COST OF MATERIALS CONSUMED**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Raw Materials	34,290.35	39,646.29
Packing Materials	7,853.11	8,045.50
<b>Total</b>	<b>42,143.46</b>	<b>47,691.79</b>

**CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN- PROGRESS**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Inventories at the Commencement</b>		
Finished Goods	8,854.79	7,410.28
Work in progress	7,076.45	5,273.23
	<b>15,931.24</b>	<b>12,683.51</b>
<b>Inventories at year end</b>		
Finished Goods	12,084.68	8,854.79
Work in progress	7,422.24	7,076.45
	<b>19,506.92</b>	<b>15,931.24</b>
(Increase) / Decrease in Finished Goods	(3,229.89)	(1,444.51)
(Increase) / Decrease in Work in progress	(345.79)	(1,803.22)
<b>Total change in inventory</b>	<b>(3,575.68)</b>	<b>(3,247.73)</b>

**32 EMPLOYEE BENEFITS EXPENSE**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries & wages	25,198.43	21,719.47
Contribution to provident and other funds	1,286.29	1,202.83
Expenses on employee stock option plan	241.66	393.84
Staff welfare expenses	601.61	536.18
<b>Total</b>	<b>27,327.99</b>	<b>23,852.32</b>

**33 FINANCE COST**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest expense	630.70	700.62
Interest on lease	81.37	-
Unwinding of interest	-	3.33
Other borrowing costs (bank charges/ fees, etc)	72.65	48.28
<b>Total</b>	<b>784.72</b>	<b>752.23</b>

**34 IMPAIRMENT LOSS ON FINANCIAL ASSETS**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Impairment of other financial asset (refer note 34.1)	-	560.59
<b>Total</b>	<b>-</b>	<b>560.59</b>

34.1 Considering the uncertainty prevailing on IL&FS group, in case of inter-corporate deposits with IL&FS provision for impairment loss is made to the extent of 50% of the principal amount and interest accrued thereon. Refer note 8 & 16.



**35 OTHER EXPENSES**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Consumption of Stores and Spares	2,267.37	2,260.88
Power and Fuel	7,301.65	7,638.71
Rent	137.10	471.03
Insurance	909.38	705.21
Repairs :		
Plant and Machinery	1,627.25	1,400.85
Buildings	447.74	512.10
Others	2,905.40	2,503.72
Rates and Taxes	477.12	285.77
Advertising and sales promotion	398.35	374.55
Travelling and Conveyance	946.83	868.97
Freight outward & Distribution expenses	10,962.27	12,374.14
Directors' Fees	47.50	46.50
Commission on sales	10,941.81	6,975.53
Legal & Professional Expenses	4,024.15	2,705.73
Loss on discard/sale of property, plant and equipment (net)	189.96	909.30
Contribution towards Corporate Social Responsibility	202.98	156.51
Establishment and Administrative Expenses (refer note 35.1)	16,357.06	17,286.78
<b>Total</b>	<b>60,143.92</b>	<b>57,476.28</b>

35.1 Establishment and Administrative Expenses includes following major expenses :

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Research and Development expenditure ( Material, services, accessories etc)	4,222.33	4,150.49
Bio Equivalence Studies	2,168.12	3,390.52
Lab related expenses ( Glass apparatus, chemicals, accessories etc)	1,761.19	1,959.24
Regulatory Fees	2,806.28	3,200.27

**36 OTHER COMPREHENSIVE INCOME**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A (i) Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(144.60)	(41.41)
Equity instruments through other comprehensive income	444.10	-
A (ii) Income tax relating to items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	-	12.92
Equity instruments through other comprehensive income	-	-
B (i) Items that will be reclassified to profit or loss		
Exchange difference in translating the financial statements of foreign operations	6.14	215.46
B (ii) Income tax relating to items that will be reclassified to profit or loss	-	-
<b>Total</b>	<b>305.64</b>	<b>186.97</b>

**37 CONTINGENT LIABILITIES**

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
(i) Claims not acknowledged as debts*	1,935.33	1,797.19
(ii) Fine imposed by European Commission (refer note no. 38)	11,614.72	10,890.20
(iii) Other money for which the Group is contingently liable	4,008.81	2,096.34
(iv) Other bank guarantees	645.53	369.14
<b>Total</b>	<b>18,204.39</b>	<b>15,152.87</b>

\* includes ₹ 82.53 Lakhs (P.Y ₹ 248.58 Lakhs) sales tax refund amount kept on hold, amount paid under protest/deposit pending adjudication under Income tax Act, 1961 and Central Excise Act 1944.

Future cash outflow, if any, will be based on the outcome of the appeals / writ petition in case of disputed (a) statutory dues (b) claims from regulatory authorities and (c) European Commission matter (as elaborated in note 38 below). The company does not expect any cash outflow in other matters mentioned above.

(v) Claims made by the ex-employees of the Holding Company whose services have been terminated in earlier years are not acknowledged as debts, the exact liability, whereof is not ascertainable. The matters are disputed under various forums. However in the opinion of the management, these claims are not tenable.

(vi) During the year, one party has filed the legal case on the Holding Company for breach of trust and claimed certain compensation / damages. In view of the Holding Company in absence of any binding arrangement, the claim made by the party is frivolous and non tenable. Accordingly the possibility of any liability devolving on the Holding Company is remote and hence no disclosure as contingent liability is considered necessary. The matter is under litigation and sub judiced.

- 38 On 9th July, 2014, the European Commission (“EU”) decided to impose an unjustified fine of € 13.96 Million, jointly and severally on the Holding Company and its subsidiary Niche Generics Ltd (“Niche”) contending that they had acted in breach of EU competition law as Niche Generics Ltd had, in early 2005 (when the Holding Company was only a part owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Holding Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Holding Company & Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated 12th December 2018 and confirmed the fine of € 13.96 Million. The Holding Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the EU and outcome of the appeals are awaited. Considering the above, in view of the management, no provision for the aforesaid fine is considered necessary. Based on above, fine imposed by the EU of € 13.96 Million (equivalent to ₹ 11,614.72 Lakhs) is disclosed under contingent liability in current year.
- 39 (a) Estimated amount of Contracts remaining to be executed (Net of Advances) on Capital account ₹ 21,505.50 Lakhs (P.Y. ₹ 10,180.71 Lakhs) and on other revenue accounts ₹ 9,486.11 Lakhs (P.Y. ₹ 17,941.32 Lakhs) are not provided for.  
 (b) The Holding Company’s intention is to continue to provide financial support to its subsidiaries [Niche Generics Ltd & Unichem Laboratories Ltd (Ireland)] and Unichem Farmaceutica Do Brasil Ltda]. Further, pending outcome of the appeal in respect of European Commission matter (refer note 38), the Holding Company will consider all available options to assist the subsidiary.
- 40 Credit facilities from Kotak Mahindra Bank availed during the year by The Holding Company and its subsidiary, Niche Generics Limited (United Kingdom), are secured by first and exclusive mortgage charge on immovable property being industrial land and building known as Unichem Laboratories Limited on plot bearing CTS No. 510 of village Oshiwara and CTS No. 1 of village Majas, Prabhat Estate, Off. S. V. Road, Patel Engineering Road, Jogeshwari (West), Mumbai 400 102. Further credit facilities from Citibank, N.A. availed by The Holding Company and its subsidiary, Unichem Laboratories Limited (Ireland), are secured by way of a pledge against investments in mutual funds to the extent of ₹ 4,339.26 Lakhs. (P.Y. ₹ 32,217.32 Lakhs). In case of bank credit facility availed by US subsidiary, it is secured against all of the assets of the US subsidiary.

**41 Expenditure incurred during the year and included in Capital work-in-progress / Property, Plant and Equipment as follows.**

Particulars	₹ in Lakhs)	
	2019-2020	2018-2019
i) Power & fuel	19.29	213.10
ii) Repairs & maintenance	97.91	127.32
iii) Payroll expenses	45.91	254.96
iv) Freight	0.12	4.27
v) Insurance	13.56	0.19
vi) Travelling Expenses	6.16	3.92
vii) Rent, Rates & Taxes	16.88	12.81
viii) Depreciation	44.58	1.20
ix) R&D Chemicals	-	33.71
x) Administrative expenses	195.12	137.79
xi) Legal & Professional	-	12.03
	<b>439.53</b>	<b>801.30</b>

**42 HEDGE ACCOUNTING**

The Holding Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Holding Company. The Holding Company’s manages currency risk as per trends and experiences. The Holding Company uses forward exchange contracts to hedge against its foreign currency exposures relating to export receivables. The Holding Company does not enter into any derivative instruments for trading or speculative purposes.

Fair Value Hedge

Hedging Instrument and Hedge Item :

(₹ in Lakhs)

Type of Hedge and Risks	Nominal Value	Carrying amount as at 31st March 2020		Changes in amount of fair value	Hedge Maturity Date	Line Item in Balance Sheet
		Assets	Liabilities			
Foreign currency risk Trade Receivables hedged by Forward Contracts	13,669.34	13,221.76	-	(447.58)	April 2020 to July 2020	Other Financial Liabilities

Hedging Instrument and Hedge Item :

(₹ in Lakhs)

Type of Hedge and Risks	Nominal Value	Carrying amount as at 31st March 2019		Changes in amount of fair value	Hedge Maturity Date	Line Item in Balance Sheet
		Assets	Liabilities			
Foreign currency risk Trade Receivables hedged by Forward Contracts	10,402.28	10,640.22	-	237.94	April 2019 to August 2019	Other Financial Assets

i) The following are the outstanding forward contracts:

Currency	Buy / Sell	In Foreign Currency (in lakhs)		₹ in Lakhs	
		As at	As at	As at	As at
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
USD	Sell	185.34	145.70	13,221.76	10,640.22

ii) Foreign Currency exposure not hedged by forward contracts are given below :

Particulars	In Foreign Currency (in lakhs)		₹ in Lakhs	
	As at	As at	As at	As at
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
A) Receivable				
Euro	37.57	25.53	3,114.16	1,979.54
USD	108.72	158.98	8,191.32	10,985.43
Others	14.20	26.74	756.79	1,382.33
B) Payable				
Euro	3.71	5.70	307.40	441.85
USD	48.12	37.73	3,616.67	2,607.11
Others	1.12	1.08	97.16	91.49
C) Borrowings				
USD (PCFC loan)	20.00	-	1,521.40	-

#### 43 Segment Information

The Group's Chief operating decision maker is Chairman & Managing Director and the Group has only one reportable segment i.e. Pharmaceuticals. It is identified as single operating segment for the purpose of making decision on allocation of resources and assessing its performance. The risk, returns and internal business reporting systems are related to the one segment only.

Entity-wide disclosures:

(i) Revenues from sale of products from external customers

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
<b>India</b>	<b>2,920.79</b>	<b>4,208.82</b>
<b>Outside India</b>	<b>1,12,728.46</b>	<b>1,08,068.19</b>
USA	74,457.69	68,496.54
Others	38,270.77	39,571.65
<b>Total</b>	<b>1,15,649.25</b>	<b>1,12,277.01</b>

Revenue from external customers is allocated based on the location of the customer.

(ii) Details of Revenue:

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Formulations	1,04,270.86	99,628.15
Bulk Drugs and Chemicals	11,378.39	12,648.86
<b>Total</b>	<b>1,15,649.25</b>	<b>1,12,277.01</b>

(iii) Non-current assets:

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
India	1,27,124.69	93,542.70
Outside India		
USA	1,509.47	287.20
Others	3,820.76	2,979.86
<b>Total</b>	<b>1,32,454.92</b>	<b>96,809.76</b>

(iv) Major customers

During the year, the Group has two external customer based in USA amounting to ₹ 16,467.88 Lakhs (14.24%) and ₹ 15,592.47 Lakhs (13.48%) which accounts for more than 10% of the Group's total revenue for the year ended 31st March, 2020. In previous year, Group had one external customer based in USA amounting to ₹ 11,637.78 Lakhs (12%) which accounts for more than 10% of the Group's total revenue.

**44 RELATED PARTY DISCLOSURES**

Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosure".

**(a) List of related parties**

<p><b>(i) Enterprises under significant influence of key management personnel as defined in (ii)</b>                  Uni - Distributors Pvt. Ltd.                  Elemage Wellness LLP                  Adiwasi Unnati Mandal                  Uni Trust                  Also Refer note (f)</p>	<p><b>(ii) Key management personnel and their relatives: (disclosed to the extent of transactions)</b>                  Dr. Prakash A. Mody                  (Chairman &amp; Managing Director - CMD, Promoter)                  Mrs. Anita Mody (Spouse of CMD)                  Ms. Supriya Mody (Daughter of CMD)                  Ms. Suparna Mody (Daughter of CMD)                  Ms. Shwetambari Mody (Daughter of CMD)                  Mr. Dilip J. Kunkolienkar (Director - Technical)</p>
<p><b>(iii) Independent Directors:</b>                  Dr. (Mrs.) B. Kinnera Murthy                  Mr. Anand Y. Mahajan                  Mr. Prafull Anubhai                  Mr. Prafull D Sheth</p>	<p><b>(iv) Post-employment benefit plans:</b>                  Unichem Laboratories Ltd-Employees Gratuity Fund                  Unichem Laboratories Ltd-Employees Superannuation Fund</p>
<p><b>(v) Key management personnel and their relatives as per Companies Act, 2013.</b>                  Mr. Pradeep Bhandari- (Head- Legal &amp; Company Secretary) (w.e.f. 01.08.2019)                  Mrs. Neema Thakore (Head - Legal &amp; Company Secretary) (upto 31.07.2019)                  Mr. Sandip Ghume (Dy. Chief Financial Officer)                  Mr. Rakesh Parikh (Chief Financial Officer) (upto 31.08.2018)                  Mr. Rakesh Parikh - HUF (upto 31.08.2018)</p>	

**b) Disclosure of related party transactions :**

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
i) Rent & Maintenance Paid (excluding indirect taxes) Relative of Key Management Personnel Mrs Anita Mody	18.56	16.62
Enterprise under significant influence of Key Management Personnel Uni - Distributors Pvt. Ltd. Uni Trust	12.59 9.00	13.55 9.00
	<b>40.15</b>	<b>39.17</b>
ii) Reimbursements given (excluding indirect tax) Elemage Wellness LLP	2.35	126.75
	<b>2.35</b>	<b>126.75</b>
iii) Managerial remuneration ( including defined contribution plan) Key Management Personnel Dr. Prakash A. Mody Mr. Dilip J Kunkolienkar	538.75 138.58	412.44 111.91
	<b>677.33</b>	<b>524.35</b>
iv) Share based payments (ESOP) Key Management Personnel Mr. Dilip J. Kunkolienkar	33.59	33.02
	<b>33.59</b>	<b>33.02</b>
v) Salary ( including defined contribution plan) Relative of Key Management Personnel Ms Supriya Mody	76.21	62.75
	<b>76.21</b>	<b>62.75</b>
vi) Dividend Paid Key Management Personnel & Relatives Dr. Prakash A. Mody Mrs Anita Mody Ms Supriya Mody Ms. Suparna Mody Mr. Dilip J.Kunkolienkar	1,296.78 52.94 38.00 38.00 3.02	1,620.97 66.17 47.50 47.50 1.71
	<b>1,428.74</b>	<b>1,783.85</b>
Independent Directors Mr. Anand Y. Mahajan Mr. Prafull Anubhai Mr. Prafull D Sheth	0.60 0.03 0.30	0.75 0.04 0.38
	<b>0.93</b>	<b>1.17</b>
vii) Sitting Fees Independent Directors Dr. (Mrs.) B. Kinnera Murthy Mr. Anand Y. Mahajan Mr. Prafull Anubhai Mr. Prafull D Sheth	13.00 9.00 14.50 11.00	10.50 10.50 16.50 9.00
	<b>47.50</b>	<b>46.50</b>
viii) Corporate Social Responsibility Enterprise under significant influence of Key Management Personnel Adiwasi Unnati Mandal	15.00	10.00
	<b>15.00</b>	<b>10.00</b>

## c) Disclosure of related party balances :

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
i) Deposits paid		
Relative of Key Management Personnel		
Mrs Anita Mody	45.90	45.90
Enterprise under significant influence of Key Management Personnel		
Uni - Distributors Pvt. Ltd.	5.00	5.00
Uni Trust	2.25	2.25
	<b>53.15</b>	<b>53.15</b>
ii) Other Current Liabilities		
Key Management Personnel		
Dr. Prakash A. Mody	33.67	13.79
	<b>33.67</b>	<b>13.79</b>
iii) Sitting Fees Payable		
Dr. (Mrs.) B. Kinnera Murthy	-	0.50
Mr. Anand Y. Mahajan	-	0.50
Mr. Prafull Anubhai	-	0.50
Mr. Prafull D Sheth	-	0.50
	-	<b>2.00</b>

## d) Contribution to post employment benefit plan :

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Post-employment benefit plans		
Unichem Laboratories Ltd- Employees Gratuity Fund	10.61	260.54
Unichem Laboratories Ltd- Employees Superannuation Fund	83.45	78.07
<b>Total</b>	<b>94.06</b>	<b>338.61</b>

## e) Following are Key management Personnel (not covered above) in accordance with provisions of the Indian Companies Act, 2013. Details of transactions and balances are below :

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
i) Salary (including defined contribution plan)		
Key Management Personnel		
Mr. Rakesh Parikh	-	44.46
Mrs. Neema Thakore	30.94	68.42
Mr. Pradeep Bhandari	47.17	-
Mr. Sandip Ghume	43.43	13.35
	<b>121.54</b>	<b>126.23</b>
ii) Dividend Paid		
Key Management Personnel		
Mr. Rakesh Parikh	-	2.08
	-	<b>2.08</b>
Relative of Key Management Personnel		
Rakesh Parikh - HUF	-	0.16
	-	<b>0.16</b>
iii) Share based payments (ESOP)		
Key Management Personnel		
Mr. Rakesh Parikh	-	51.18
	-	<b>51.18</b>

- Number of option pending to be exercised by Mr. Dilip Kunkolienkar as on 31st March, 2020 are 2,46,176 (P.Y. 2,68,676).
- Key Managerial Personnel and their Relatives who are under the employment of the Holding Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above. Further, it also does not include actual payments of gratuity and leave encashment. Also, reimbursement of expenses to KMP and their relatives are not included above.
- Related party contracts / arrangements have been entered in ordinary course of business and are approved by the board of directors/ shareholders as applicable.

## f) In view of the Management , equity Investment in Synchron Research Services Pvt Ltd will not result it the investee company becoming a related party since there is no control / influence over operations :

The summary of transactions with Synchron Research Services Pvt. Ltd are as follows:

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Research & Development Expenditure (Bio-equivalence studies)	4.30	239.65
Rent Income ( net of indirect tax)	44.28	40.60
Deposit received	7.50	7.50

**45 EARNINGS PER EQUITY SHARE (EPS)**

Particulars			2019-2020	2018-2019
Weighted average number of equity shares for basic EPS	(A)	Nos	7,04,02,492	7,03,57,715
Add : Potential equity shares on exercise of option of ESOP				-
Weighted average number of equity shares for diluted EPS	(B)	Nos	7,04,02,492	7,03,57,715
Face value of equity share		₹	2.00	2.00
<b>CONTINUING OPERATIONS</b>				
Profit/(loss) attributable to equity shareholders for basic & Diluted EPS	(C)	₹ Lakhs	(6,018.25)	(2,555.76)
Earnings per equity share				
Basic	(C/A)	₹	(8.55)	(3.63)
Diluted	(C/B)	₹	(8.55)	(3.63)
<b>DISCONTINUED OPERATIONS</b>				
Profit/(loss) attributable to equity shareholders for basic & Diluted EPS	(D)	₹ Lakhs	-	175.72
Earnings per equity share				
Basic	(D/A)	₹	-	0.25
Diluted	(D/B)	₹	-	0.25
<b>FOR DISCONTINUED &amp; CONTINUING OPERATIONS</b>				
Profit attributable to equity shareholders for basic & Diluted EPS	(E)	₹ Lakhs	(6,018.25)	(2,380.04)
Earnings per equity share				
Basic	(E/A)	₹	(8.55)	(3.38)
Diluted	(E/B)	₹	(8.55)	(3.38)

Note : Potential equity shares in the form of ESOPs are anti-dilutive, therefore not considered for calculation of diluted earnings per share in current year as well as previous year.

- 46 The Subsidiaries (Niche Generics Ltd, Unichem Laboratories Ltd (Ireland) and Unichem Farmaceutica Do Brasil Ltda) have accumulated losses which have been considered for the purpose consolidated financial statements. The standalone financial statements of these subsidiaries have been prepared on a going concern basis considering the continuous financial support from the Holding Company to its subsidiaries. Management of the Holding Company is of the view that performance of the subsidiaries is improving and will turnaround.

**47 OPERATING LEASE (LESSEE)****I Disclosure for year ended 31st March 2020 [also refer note 2.17 and 4]**

- a) The Holding Company has obtained certain equipment under non-cancellable lease agreements for the period of 36 months which are subject to renewal at mutual consent. It is treated as low value leases. The expenses charged to the statement of profit & loss in current year is ₹ 36.53 Lakhs and is grouped under note 35 (establishment and administrative expenses).  
(₹ in Lakhs)

The details of outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows	2019-2020
Lease payment not later than one year	39.27
Lease Payment later than one year and not later than five years	28.60
Lease Payment later than five year	-

- b) The Holding Company has taken flats / office premises, vehicles and other machinery on cancellable operating leases. There are no restrictions imposed by lease arrangements. These are classified as short term leases. There are no sub-leases. The deposit amount are refundable on completion / cancellation of lease term. The aggregate lease rentals charged as lease rent to the statement of profit and loss in current year is ₹ 102.71 lakhs and is grouped under note 35 (rent and establishment & administrative expenses).

- c) Disclosure with respect to lease under Ind AS - 116 leases

(₹ in Lakhs)

Particulars	2019-2020
Interest expense on lease liabilities	81.37
Lease expenses in case of short term leases (Refer note 47 (I) (b))	102.71
Lease expenses in case of low value leases (other than short term as disclosed above) (Refer note 47 (I) (a))	36.53
Total cash outflow for leases [including short term and low value leases]	609.86
Additions to ROU assets	2,636.66



- d) As indicated in note 2.17, the Holding Company and its subsidiaries has adopted Ind AS 116 – “Leases” retrospectively from 1st April, 2019, but has not restated comparatives for the 31st March, 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new standard are therefore recognised in the Opening balance sheet on 1st April, 2019 as given below:

Particulars	₹ In Lakhs
Right-of-use assets	2,636.66
Financial liability- Lease liabilities - current	402.06
Financial liability -Lease liabilities - non-current	1,845.35

The Holding Company and its subsidiaries recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31st March, 2019. The Holding Company and its subsidiaries' weighted average incremental borrowing rate applied to the lease liabilities on 1st April, 2019 was 9.00% and 2-4 % respectively.

Measurement of lease liabilities

Particulars	₹ In Lakhs
Operating lease commitments disclosed as at 31st March, 2019	2,423.93
Discounted using the lessee's incremental borrowing rate of at the date of initial application	2,636.66
Low-value leases not recognised as a liability and discounting adjustment	252.33

The difference between the lease obligation recorded as of 31st March, 2019 under Ind AS 17 disclosed under Note 46 of the 2019 Annual Report and the value of the lease liability as of April 1, 2019 is primarily on account of extension options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

**II Disclosure for year ended 31st March 2019**

- a) The Group has obtained certain equipment under non-cancellable lease agreements for the period of 36 months which are subject to renewal at mutual consent. The Holding Company also holds leasehold land against which there is annual payment over the lease period which is in the range of 24-75 years. It is treated as non-cancellable contracts. The expenses charged to the statement of profit & loss in current year are ₹ 360.28 Lakhs (P.Y. ₹ 269.38 Lakhs) (₹ in Lakhs)

The details of outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows	2018-2019
Lease payment not later than one year	447.68
Lease Payment later than one year and not later than five years	1,288.20
Lease Payment later than five year	688.05

- b) The Holding Company has taken flats / office premises and vehicles on cancellable operating leases. There are no restrictions imposed by lease arrangements. There are no sub-leases. The deposit amount are refundable on completion / cancellation of lease term. The aggregate lease rentals payable, are charged as lease rent (Refer Note No.34 ) in the statement of profit and loss.

**48 EMPLOYEE BENEFITS**

The Holding Company has a defined benefit gratuity plan. The scheme is funded with an insurance company in the form of a qualifying insurance policy. Other long term benefits comprises of leave entitlements and long term bonus to the employees. Leave entitlements benefits is partly funded by the Holding Company.

Bifurcation of liability including short term leave benefits as per Schedule III of the Indian Companies Act 2013 : (₹ in Lakhs)

Particulars	Gratuity		Leave entitlements & Long term Bonus	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
Current Liability	299.93	159.95	456.43	426.26
Non-Current Liability	266.52	-	2,084.69	1,459.90
<b>Net Liability</b>	<b>566.45</b>	<b>159.95</b>	<b>2,541.12</b>	<b>1,886.16</b>

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

Particulars	Gratuity	
	As at 31st March, 2020	As at 31st March, 2019
Discount rate	6.60%	7.10%
Salary growth rate	9.00%	9.00%
Expected rate of return on Plan assets	6.60%	7.10%
Withdrawal rate	15% at younger ages reducing to 2% at older ages	15% at younger ages reducing to 2% at older ages

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The discounting rate is based on material yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations. The overall expected rate of return on assets is based on the LIC structure of interest rates on gratuity funds.

The following tables summarise the funded status and amounts recognised in the balance sheet for gratuity .

Funded status of the plan :

(₹ in Lakhs)

Particulars	Gratuity	
	As at 31st March, 2020	As at 31st March, 2019
Present value of funded obligations	2,358.60	1,981.73
Fair value of plan assets	1,792.15	1,821.78
<b>Net Liability (Asset)</b>	<b>566.45</b>	<b>159.96</b>

Amount charge to statement of Profit and loss:

(₹ in Lakhs)

Particulars	Gratuity	
	2019-2020	2018-2019
Current service cost	269.50	198.43
Net interest cost	3.01	5.54
<b>Employee Benefit Expense</b>	<b>272.51</b>	<b>203.97</b>
<b>Total Charge to statement of P&amp;L</b>	<b>272.51</b>	<b>203.97</b>

Amount charged Other Comprehensive Income:

(₹ in Lakhs)

Particulars	Gratuity	
	2019-2020	2018-2019
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	70.84	22.07
Due to change in demographic assumption	0.35	-
Due to experience adjustments	94.13	19.61
Return on plan assets excluding amounts included in interest income	(20.72)	(0.26)
<b>Amounts recognized in Other Comprehensive Income</b>	<b>144.60</b>	<b>41.42</b>

Reconciliation of defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity	
	2019-2020	2018-2019
<b>Opening Defined Benefit Obligation</b>	<b>1,981.73</b>	<b>1,732.36</b>
Current service cost	269.50	198.43
Interest cost	113.29	119.14
Actuarial loss/(gain) due to change in financial assumptions	70.84	22.07
Due to change in demographic assumption	0.35	-
Actuarial loss/ (gain) due to experience adjustments	94.13	19.61
Benefits paid	(171.24)	(109.88)
<b>Closing Defined Benefit Obligation</b>	<b>2,358.60</b>	<b>1,981.73</b>

Reconciliation of plan assets:

(₹ in Lakhs)

Particulars	Gratuity	
	2019-2020	2018-2019
<b>Opening value of plan assets</b>	<b>1,821.78</b>	<b>1,557.26</b>
Interest Income	110.28	113.60
Return on plan assets excluding above	20.72	0.26
Contributions by employer	10.61	260.54
Benefits paid	(171.24)	(109.88)
<b>Closing value of plan assets</b>	<b>1,792.15</b>	<b>1,821.78</b>

Sensitivity analysis:

Assumptions	Change in assumptions		Increase/(decrease) in defined benefit obligation	
	Increase/decrease	Percentage	2019-2020	2018-2019
Discount rate	Increase by	0.5%	-3.00%	-2.73%
	Decrease by	0.5%	3.23%	2.92%
Salary growth rate	Increase by	0.5%	3.14%	2.85%
	Decrease by	0.5%	-2.95%	-2.69%
Withdrawal rate	Increase by	10%	-0.99%	-0.75%
	Decrease by	10%	1.07%	0.81%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

These plans typically expose the Holding Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

#### Investment risk :

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

#### Interest risk :

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

#### Longevity risk :

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

#### Salary risk :

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Expected contribution and weighted average duration for defined benefit obligation

Particulars	2019-2020	2018-2019
Expected contribution for the next year (₹ Lakhs)	299.93	159.94
Weighted average duration for defined benefit obligation (years)	5.75	5.36

#### Asset-liability matching strategies

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

## 49 DISCONTINUED OPERATION

a) During the year ended 31st March, 2018, based on the approval obtained from the Shareholders, the Holding Company had transferred its business of manufacture, sale, marketing and distribution of domestic formulations in India and Nepal ("Identified Business") by way of slump sale on going concern basis to Torrent Pharmaceuticals Limited ("Torrent"). Identified Business includes portfolio of several brands in India and Nepal, manufacturing facility at Sikkim and employees performing work in relation to said business.

b) Financial performance and cashflow information

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Revenue	-	814.19
Expenses	-	567.23
<b>Profit/(loss) from Discontinued operations (before tax)</b>	-	<b>246.96</b>
Income tax expenses	-	-
<b>Profit from Discontinued operations (after tax)</b>	-	<b>246.96</b>
Other Comprehensive Income Discontinued operations	-	-
Net cash inflow(outflow) from Operating activities	(314.41)	546.64
Net cash inflow(outflow) from investing activities	-	-
Net cash inflow(outflow) from financing activities	-	-
<b>Net inflow (outflow) from discontinued operations</b>	<b>(314.41)</b>	<b>546.64</b>

Revenue for the year ended 31st March, 2019 mainly includes reversal of provision for doubtful debts of ₹ 521.83 Lakhs and other writebacks.

## 50 SHARE BASED PAYMENT PLANS (ESOP)

(i) During the year ended 31st March, 2020 the Holding company has share based payment arrangements which are described below:

Type of Arrangement	ESOP 2008			ESOP 2018	
	Independent Directors stock option scheme	Senior Management stock option scheme	Senior Management stock option scheme	Senior Management stock option scheme - I	Senior Management stock option scheme - II
Date of Grant	26.03.2009	17.06.2009	08.03.2014	06.08.2018	19.11.2018
Number granted	50,000	297,500	225,000	15,12,224	1,75,840
Contractual life	5 Years	5 Years	5 Years	3-5 Years	3-5 Years
Vesting condition	As decided by Board/ Compensation Committee based on various factors				

(ii) Summary of stock option are as follows

Particulars	ESOP 2008	
	2019-2020	2018-2019
Option outstanding at the beginning of the year (Nos.)	22,500	68,750
Exercised during the year (Nos.)	(22,500)	(46,250)
Lapsed during the year (Nos.)	-	-
Option outstanding at the end of the year (Nos.)	-	22,500
Vested and exercisable at the end of the year (Nos.)	-	22,500
Weighted Average Exercise Price (₹)	46	46
Weighted Average Fair Value of Option (₹) *	149	149

\* Fair value calculated based on Black & Scholes option pricing model

Particulars	ESOP 2018	
	2019-2020	2018-2019
Option outstanding at the beginning of the year (Nos.)	16,88,064	-
Granted during the year (Nos)	-	16,88,064
Exercised during the year (Nos.)	-	-
Lapsed during the year (Nos.)	(1,75,840)	-
Option outstanding at the end of the year (Nos.)	15,12,224	16,88,064
Vested and exercisable at the end of the year (Nos.)	-	-
Weighted Average Exercise Price (₹)	250	250
Weighted Average Fair Value of Option (₹) *	80	80

\* Fair value calculated based on Black & Scholes option pricing model

(iii) Share price at the dates of options exercised during the year ended 31st March 2020 - 24th May 2019 ₹ 196.04.

(iv) Share options outstanding at the end of year have the following expiry dates and exercise prices

Grant Date	Expiry Date	Scheme Name	Exercise price (₹)	No. of ESOPS	
				2019-2020	2018-2019
8th March 2014	7th March 2024	ESOP 2008	46	-	22,500
6th Aug. 2018	30th June 2023	ESOP 2018	250	7,56,112	7,56,112
6th Aug. 2018	30th June 2024	ESOP 2018	250	7,56,112	7,56,112
19th Nov. 2018	30th June 2023	ESOP 2018	250	-	87,920
19th Nov. 2018	30th June 2024	ESOP 2018	250	-	87,920
				<b>15,12,224</b>	<b>17,10,564</b>

(v) Expense arising from share-based payment transactions

Expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows: (₹ in Lakhs)

Particulars	2019-2020	2018-2019
Employee option plan	241.66	393.84
<b>Total</b>	<b>241.66</b>	<b>393.84</b>

## 51 RESEARCH & DEVELOPMENT EXPENDITURE

i) Total Research and Development expenditure including amount incurred at units approved by Department of Scientific & Industrial Research :

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Materials	5,324.29	5,940.33
Salaries, wages and Ex-gratia	2,912.05	2,579.24
Contribution to Provident fund and other Funds	151.16	101.65
Employee's welfare expenses	28.68	25.56
Rent	13.73	14.69
Insurance	28.53	13.72
Rates and Taxes	19.60	36.69
Repairs:		
Buildings	1.80	2.75
Plant and machinery	94.46	76.25
Others	273.79	239.80
Power and fuel	467.54	568.45
Travelling and conveyance	76.16	85.42
Interest	-	1.20
Legal & Professional Expenses	2,206.71	1,230.74
Others ( Bioequivalence Studies, etc.)	4,042.25	4,987.36
<b>Total</b>	<b>15,640.75</b>	<b>15,903.85</b>

- ii) Research and Development expenditure at units approved by Department of Scientific & Industrial Research included in Total Research and Development expenditure (Refer note - i)

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Materials	3,562.70	3,208.58
Salaries, wages and Ex-gratia	2,787.48	2,458.58
Contribution to Provident fund and other Funds	145.42	97.80
Employee's welfare expenses	28.05	24.87
Rent	13.73	14.69
Insurance	27.00	13.72
Rates and Taxes	19.60	36.69
Repairs:		
Buildings	-	2.75
Plant and machinery	88.99	76.25
Others	255.46	239.80
Power and fuel	341.37	387.81
Travelling and conveyance	76.16	85.42
Interest	-	1.20
Legal & Professional Expenses	2,206.71	1,230.75
Others ( Bioequivalence Studies, etc.)	2,696.68	3,756.97
<b>Total</b>	<b>12,249.35</b>	<b>11,635.88</b>

## 52 FINANCIAL INSTRUMENTS

- i) The carrying value and fair value of financial instruments by category is as follows :

(₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets* :</b>				
Amortised cost				
Cash and cash equivalents	5,411.89	5,411.89	1,895.94	1,895.94
Other Bank Balances	759.06	759.06	394.26	394.26
Trade receivables	39,013.99	39,013.99	43,604.89	43,604.89
Loans	12.35	12.35	12.10	12.10
Other Financial Assets	2,536.32	2,536.32	3,101.73	3,101.73
Fair value through profit or loss				
Investments in mutual funds and bonds (including Cash and cash equivalents)	59,120.32	59,120.32	97,883.86	97,883.86
Investments in equity instruments	6.09	6.09	7.50	7.50
Derivative Instruments	-	-	237.94	237.94
Fair value through OCI				
Investments in equity instruments	12,444.73	12,444.73	12,000.62	12,000.62
<b>Total</b>	<b>1,19,304.75</b>	<b>1,19,304.75</b>	<b>1,59,138.84</b>	<b>1,59,138.84</b>
<b>Financial liabilities :</b>				
Amortised cost				
Borrowings	18,403.36	18,403.36	19,966.55	19,966.55
Lease liabilities	2,247.41	2,247.41	-	-
Trade payables	25,021.60	25,021.60	22,140.53	22,140.53
Other financial liabilities	6,822.71	6,822.71	3,371.17	3,371.17
Fair value through profit or loss				
Derivative Instruments	447.58	447.58	-	-
<b>Total</b>	<b>52,942.66</b>	<b>52,942.66</b>	<b>45,478.25</b>	<b>45,478.25</b>

\* excluding financial assets measured at cost

- ii) Fair value hierarchy

The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3: Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly unobservable;

The following tables categorise the financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value.

**Fair value hierarchy as at 31st March, 2020**

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investment in equity instruments	4.09	-	12,446.73	<b>12,450.82</b>
Investments in mutual funds & Bonds	59,120.32	-	-	<b>59,120.32</b>
<b>Financial Liabilities</b>				
Derivative Instruments(loss)	-	447.58	-	<b>447.58</b>

**Fair value hierarchy as at 31st March, 2019**

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investment in equity instruments	5.50	-	12,002.62	<b>12,008.12</b>
Investments in mutual funds	97,883.86	-	-	<b>97,883.86</b>
Derivative Instruments(gain)	-	237.94	-	<b>237.94</b>

**Determination of fair values:**

The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value on recurring basis :

**Investment in mutual funds :**

The fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

**Equity investments :**

- a) Equity investments traded in an active market determined by reference to their quoted market prices.
- b) During the previous year, the Holding Company had made investments in equity shares of unlisted companies aggregating to ₹ 12,000.62 Lakhs. The Holding Company has elected to categorize these investment as fair value through other comprehensive income. Further, based on the overall evaluation carried out by the Holding Company of the investee company and considering no significant variation in their financial performance, cost of these investment is considered as an appropriate estimate of fair value as at 31st March, 2019. During the current year, the above investments are fair valued and the changes in fair value is recognised in other comprehensive income. There are no gains / losses from such investments.

**Derivative instruments :**

For forward contracts and cross currency interest rate swaps, future cash flows are estimated based on forward exchange rates and forward interest rates (from observable forward exchange rates / yield curves at the end of the reporting period) and contract forward exchange rates and forward interest rates, discounted at a rate that reflects the credit risk of respective counterparties.

## 53 FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

**Market risk:**

Market risk refers to the possibility that changes in the market rates may have impact on the Group's profits or the value of its holding of financial instruments. The Group is exposed to market risks on account of foreign exchange rates, interest rates and underlying equity prices.

**Foreign currency exchange rate risk:**

The Group's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries and foreign currency transactions. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Since a major part of the group's operating revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the group's performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The major foreign currency exposures for the group are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The group hedges all trade receivables upto a maximum of 6 months forward based on historical trends. Hedge effectiveness is assessed on a regular basis.



The following table sets forth information relating to foreign currency exposure from USD, EUR and other currencies (which are not material) form non-derivative financial instruments: (₹ in Lakhs)

As at 31st March 2020	USD	Euro	Others*	Total
<b>Assets</b>				
Trade Receivables	8,680.08	3,114.16	756.79	12,551.03
<b>Total</b>	<b>8,680.08</b>	<b>3,114.16</b>	<b>756.79</b>	<b>12,551.03</b>
<b>Liabilities</b>				
Trade Payable	5,138.07	307.40	97.16	5,542.63
<b>Total</b>	<b>5,138.07</b>	<b>307.40</b>	<b>97.16</b>	<b>5,542.63</b>
<b>Net Assets/ Liabilities</b>	<b>3,542.01</b>	<b>2,806.76</b>	<b>659.63</b>	<b>7,008.40</b>

\*Others mainly include currency namely GBP (pounds), ZAR & CAD

(₹ in Lakhs)

As at 31st March 2019	USD	Euro	Others**	Total
<b>Assets</b>				
Trade Receivables	12,571.57	1,979.54	1,382.33	15,933.44
<b>Total</b>	<b>12,571.57</b>	<b>1,979.54</b>	<b>1,382.33</b>	<b>15,933.44</b>
<b>Liabilities</b>				
Trade Payable	2,607.11	441.85	91.49	3,140.45
<b>Total</b>	<b>2,607.11</b>	<b>441.85</b>	<b>91.49</b>	<b>3,140.45</b>
<b>Net Assets/ Liabilities</b>	<b>9,964.46</b>	<b>1,537.69</b>	<b>1,290.84</b>	<b>12,792.99</b>

\*\*Others mainly include currency namely GBP (pounds), ZAR & CAD

### Sensitivity analysis

(₹ in Lakhs)

Particulars	FOREIGN CURRENCY SENSITIVITY					
	As at 31st March 2020			As at 31st March 2019		
	USD	Euro	Others	USD	Euro	Others
1 % Appreciation in INR Impact on Profit & Loss	(35.42)	(28.07)	(6.60)	(99.64)	(15.38)	(12.91)
1 % Depreciation in INR Impact on Profit & Loss	35.42	28.07	6.60	99.64	15.38	12.91

### Interest Rate Risk:

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates and where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments or borrowings will fluctuate because of fluctuations in the interest rates.

### Exposure to interest rate risk

The Holding Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate and there are no financial instruments with floating interest rates.

### Credit risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consists of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Holding Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Holding Company grants credit terms in the normal course of business. The Holding Company uses expected credit loss model to assess the impairment loss or gain. The Holding Company uses a provision matrix to compute the expected credit loss allowance for trade receivables (other than from subsidiaries) and unbilled revenues. The Holding Company does not have significant concentration of credit risk related to trade receivables. In the current year, there are two external third party customer which contributes to more than 10% of outstanding accounts receivable (excluding outstanding from subsidiaries) as of 31st March 2020. In previous year, there were three external party customers which contributed to more than 10% of outstanding accounts receivable (excluding outstanding from subsidiaries).

The Holding Company limits its exposure to credit risk by generally investing in liquid securities having and only with counterparties that have a good credit rating. The Holding company does not expect any losses from non- performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

None of the financial instruments of the Holding Company result in material concentration of credit risk. Geographic concentration of credit risk relating to trade receivable (other than subsidiaries) is predominantly there in USA i.e. above 10% and less than 10% in other countries. Refer note no. 13 for movement in expected credit loss allowance.

**Liquidity risk:**

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

Contractual maturities of significant financial liabilities are as below:

(₹ in Lakhs)

As at 31-03-2020	In 1 year	More than 1 year	Total
Trade Payable	25,021.60	-	25,021.60
Borrowings	18,403.36	-	18,403.36
Lease liabilities	402.06	1,845.35	2,247.41
Other financial liabilities	7,270.29	-	7,270.29
<b>Total</b>	<b>51,097.31</b>	<b>1,845.35</b>	<b>52,942.66</b>

(₹ in Lakhs)

As at 31-03-2019	In 1 year	More than 1 year	Total
Trade Payable	22,140.53	-	<b>22,140.53</b>
Borrowings*	19,966.55	-	<b>19,966.55</b>
Other financial liabilities	3,371.17	-	<b>3,371.17</b>
<b>Total</b>	<b>45,478.25</b>	-	<b>45,478.25</b>

**Capital Management**

Equity share capital and other equity (other than ESOP Reserve and Other comprehensive income) are considered for the purpose of Group's capital management (refer Statement of Changes in Equity of standalone financial statement). There are no externally imposed capital requirements on the Group. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Group is predominantly equity financed. Further, the Group's current assets has always been higher than the liabilities. Also current assets includes cash and bank balances along with investment which is predominantly investment in liquid and short term mutual funds being far in excess of borrowings / debt.

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

**COVID 19 related**

In March 2020, the World Health Organisation declared COVID 19 to be a pandemic. The Holding Company and its subsidiaries has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Holding Company has considered internal and external information while finalizing various estimates and recoverability of assets in relation to its financial statement captions up to the date of approval of the financial statements by the Board of Directors. Considering The Holding Company and its subsidiaries are in the business of manufacturing and supplying pharmaceutical products which is categorized under essential goods, management believes that the impact of the pandemic may not be significant. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID 19 situation evolves in India and globally. The Holding Company and its subsidiaries will continue to closely monitor any material changes to future economic conditions.

**54 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013****(a) As at and for the year ended 31st March, 2020**

Name of the Entity	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	₹ in Lakhs	As % of consolidated profit or loss	₹ in Lakhs	As % of consolidated other comprehensive income	₹ in Lakhs	As % of consolidated other comprehensive income	₹ in Lakhs
<b>Parent</b>								
Unichem Laboratories Ltd.	104.6%	2,64,718.38	118.1%	(5,631.62)	98.0%	299.50	119.5%	(5,332.12)
<b>Subsidiaries</b>								
<b>Foreign</b>								
Niche Generics Limited.	0.2%	371.86	6.8%	(323.23)	2.9%	8.75	7.0%	(314.48)
Unichem SA Pty Ltd.	0.0%	77.23	-1.6%	73.95	-3.4%	(10.24)	-1.4%	63.71
Unichem Farmaceutica Do Brasil Ltda	-0.3%	(734.10)	19.4%	(923.07)	45.8%	139.79	17.6%	(783.28)
Unichem Pharmaceuticals (USA) Inc .	3.1%	7,741.16	-32.6%	1,553.60	197.6%	603.90	-48.4%	2,157.50
Unichem Laboratories Limited. (Incorporated in Ireland)	-0.3%	(867.39)	10.2%	(485.18)	-16.6%	(50.59)	12.0%	(535.77)
Unichem (China) Pvt Ltd	0.0%	60.75	1.8%	(83.91)	0.3%	0.94	1.9%	(82.97)
<b>Associate</b>								
Synchron Research Pvt Ltd	0.1%	207.28	-1.7%	81.27	0.0%	-	-1.8%	81.27
Consolidation Adjustments	-7.4%	(18,440.00)	-20.4%	971.37	-224.6%	(686.41)	-6.4%	284.96
<b>Total</b>	<b>100.0%</b>	<b>2,53,135.17</b>	<b>100.0%</b>	<b>(4,766.82)</b>	<b>100.0%</b>	<b>305.64</b>	<b>100.0%</b>	<b>(4,461.18)</b>

Note:

- The amounts given in the table above are from the annual accounts made for the financial year ended 31st March, 2020 for each of the companies.
- The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on 31st March, 2020.

**(b) As at and for the year ended 31st March, 2019**

Name of the Entity	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	₹ in Lakhs	As % of consolidated profit or loss	₹ in Lakhs	As % of consolidated other comprehensive income	₹ in Lakhs	As % of consolidated other comprehensive income	₹ in Lakhs
<b>Parent</b>								
Unichem Laboratories Ltd.	104.3%	2,73,193.41	-37.0%	879.92	-15.2%	(28.49)	-38.8%	851.43
<b>Subsidiaries</b>								
<b>Foreign</b>								
Niche Generics Limited.	-1.5%	(3,857.43)	59.6%	(1,418.88)	17.1%	32.00	63.2%	(1,386.88)
Unichem SA Pty Ltd.	0.0%	13.47	-0.9%	20.89	-0.1%	(0.22)	-0.9%	20.67
Unichem Farmaceutica Do Brasil Ltda	0.0%	49.18	24.5%	(581.88)	-18.0%	(33.71)	28.1%	(615.59)
Unichem Pharmaceuticals (USA) Inc .	2.1%	5,583.66	-64.0%	1,523.98	118.5%	221.64	-79.6%	1,745.62
Unichem Laboratories Limited. (Incorporated in Ireland)	-0.1%	(331.61)	13.2%	(314.81)	8.2%	15.41	13.6%	(299.40)
<b>Associate</b>								
Synchron Research Pvt Ltd	0.0%	126.01	-0.3%	6.52	0.0%	-	-0.3%	6.52
Consolidation Adjustments	-4.8%	(12,786.00)	104.9%	(2,495.78)	-10.5%	(19.66)	114.7%	(2,515.44)
<b>Total</b>	<b>100.0%</b>	<b>2,61,990.69</b>	<b>100.0%</b>	<b>(2,380.04)</b>	<b>100.0%</b>	<b>186.97</b>	<b>100.0%</b>	<b>(2,193.07)</b>

Note:

- The amounts given in the table above are from the annual accounts made for the financial year ended 31st March, 2019 for each of the companies.
- The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on 31st March, 2019.

As per our report of even date attached  
**For N. A. Shah Associates LLP**  
Chartered Accountants  
Registration No.: 116560W/W100149

**For and on behalf of the Board of Directors**

**Milan Mody**  
Partner  
Membership No.: 103286  
Place: Mumbai  
Date: 19<sup>th</sup> June, 2020

**Sandip Ghume**  
Deputy Chief  
Financial Officer

**Pradeep Bhandari**  
Head - Legal &  
Company Secretary

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director  
DIN.: 00001285

**Dilip Kunkolienkar**  
Director - Technical  
DIN.: 02666678  
Goa





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