

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

**TO THE BOARD OF DIRECTORS OF
Fermenta Biotech Limited (formerly known as DIL Limited)**

1. We have reviewed the Standalone Unaudited Financial Results and also the Consolidated Unaudited Financial Results of **Fermenta Biotech Limited (formerly known as DIL Limited)** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the profit/(loss) after tax and total comprehensive income/loss of its associate for the quarter and nine months ended December 31, 2019, included in the accompanying Statement of Standalone and Consolidated Unaudited Financial Results for the quarter and nine months ended December 31, 2019 ("the Statement"), being submitted by the Parent, pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Management of the Parent and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Consolidated unaudited financial results in the Statement includes the interim financial results / interim financial information of the following entities:

Parent

1. Fermenta Biotech Limited (formerly known as DIL Limited)

Subsidiaries

2. Aegean Properties Limited
3. CC Square Films Limited
4. G. I. Biotech Private Limited
5. Fermenta Biotech (UK) Limited
6. Fermenta Biotech GmbH

Associate

7. Health and Wellness India Private Limited

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5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial information of 3 subsidiaries included in the consolidated unaudited financial results, included in the Statement, whose interim financial information reflect total revenues of ₹ 4.50 Lakhs and ₹ 13.50 Lakhs for the quarter and nine months ended December 31, 2019, respectively, and total net profit after tax (net) of ₹ 2.28 Lakhs and ₹ 7.15 Lakhs and total comprehensive income (net) of ₹ 2.28 Lakhs and ₹ 7.15 Lakhs for the quarter and nine months ended December 31, 2019, respectively, as considered in the consolidated unaudited financial results, included in the Statement. The above figures are before giving effect of any consolidation adjustments. These interim financial information have been reviewed by other auditors whose reports have been furnished to us by the Management of the Parent and our conclusion on the consolidated unaudited financial results, included in the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the consolidated unaudited financial results, included in the Statement, is not modified in respect of these matters.

7. The consolidated unaudited financial results, included in the Statement, include the interim financial information of two subsidiaries which have not been reviewed by their auditors, whose interim financial information reflect total revenue of ₹ Nil, both, for the quarter and nine months ended December 31, 2019 and total loss after tax (net) of ₹ 11.20 Lakhs and ₹ 12.74 Lakhs and total comprehensive loss (net) of ₹ 11.20 Lakhs and ₹ 12.74 Lakhs for the quarter and nine months ended December 31, 2019, respectively, as considered in the consolidated unaudited financial results, included in the Statement. The consolidated unaudited financial results also includes the Group's share of profit/(loss) after tax of ₹ Nil and total comprehensive income of ₹ Nil, both, for the quarter and nine months ended December 31, 2019 respectively, as considered in the consolidated unaudited financial results, included in the Statement, in respect of an associate, based on their interim financial information which has not been reviewed by their auditors. According to the information and explanations given to us by the Management of the Parent, these interim financial information are not material to the Group.

Our Conclusion on the consolidated unaudited financial results, included in the Statement, is not modified in respect of our reliance on the interim financial information certified by the Management of the Parent.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Rajesh K. Hiranandani
Partner
(Membership No. 36920)
UDIN: 20036920AAA AE4126

Place: Mumbai
Date: February 12, 2020

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NOTES:

IA Segment Information

Standalone

(₹. in Lakhs)

Particulars	Quarter ended				Nine Months Ended	Year Ended Audited March 31, 2019
	Unaudited December 31, 2019	Unaudited September 30, 2019	Unaudited December 31, 2018	Unaudited December 31, 2019		
			[Refer Note 5(a)]	[Refer Note 5(a)]		
Segment revenue						
- Bulk drugs/chemicals	6,219.55	7,631.97	10,789.41	21,551.51	30,171.20	38,925.52
- Property	425.66	541.00	489.54	1,501.90	1,427.49	1,935.40
- Unallocated	344.33	564.36	122.80	1,036.81	1,111.30	1,233.94
Total	6,989.54	8,737.33	11,401.75	24,090.22	32,709.99	42,094.86
Less : Inter-segment revenue	-	139.29	109.15	282.36	289.79	393.58
Total Income	6,989.54	8,598.04	11,292.60	23,807.86	32,420.20	41,701.28
Segment results						
- Bulk drugs/chemicals	765.14	1,723.99	4,272.92	4,840.87	12,238.74	15,146.13
- Property	122.44	136.54	225.27	451.31	614.66	569.60
- Unallocated (Net)	471.14	(151.34)	(217.18)	170.74	(1,583.12)	(1,538.39)
Total	1,358.72	1,709.19	4,281.01	5,462.92	11,270.28	14,177.34
Less: Inter-segment results	-	-	-	-	-	-
Total Profit before tax and before finance cost	1,358.72	1,709.19	4,281.01	5,462.92	11,270.28	14,177.34
Less : Finance costs	(539.31)	(491.48)	(562.56)	(1,528.43)	(1,476.77)	(2,065.31)
Total Profit before tax	819.41	1,217.71	3,718.45	3,934.49	9,793.51	12,112.03
Segment Assets						
- Bulk Drugs/chemicals	38,897.65	37,784.01	32,118.48	38,897.65	32,118.48	32,722.75
- Property	8,196.40	8,117.85	8,288.21	8,196.40	8,288.21	8,200.19
- Unallocated	13,606.05	17,349.94	9,982.91	13,606.05	9,982.91	14,174.13
Total Segment Assets	60,700.10	63,251.80	50,389.60	60,700.10	50,389.60	55,097.08
Segment liabilities						
- Bulk Drugs/chemicals	7,135.10	5,698.56	8,047.54	7,135.10	8,047.54	7,455.91
- Property	860.03	1,005.07	1,725.18	860.03	1,725.18	1,255.39
- Unallocated	22,468.91	26,780.87	19,542.25	22,468.91	19,542.25	21,437.11
Total Segment liabilities	30,464.04	33,484.50	29,314.97	30,464.04	29,314.97	30,148.41

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IB Segment Information	Consolidated						Year Ended Audited March 31, 2019
	Quarter ended		Nine Months Ended		Year Ended Audited March 31, 2019		
	Unaudited December 31, 2019	Unaudited September 30, 2019	Unaudited December 31, 2018	Unaudited December 31, 2019		Unaudited December 31, 2018	
Particulars			[Refer Note 5(a)]		[Refer Note 5(a)]	[Refer Note 5(a)]	
Segment revenue							
- Bulk drugs/chemicals	6,219.55	7,631.97	10,789.41	21,551.51	30,171.20	38,925.52	
- Property	430.21	545.50	494.05	1,515.45	1,440.99	1,953.41	
- Unallocated	348.05	563.48	121.57	1,038.51	1,111.40	1,236.52	
Total	6,997.80	8,740.95	11,405.03	24,105.46	32,723.59	42,115.45	
Less : Inter-segment revenue	4.61	143.85	113.74	296.12	303.52	411.89	
Total Income	6,993.19	8,597.10	11,291.29	23,809.34	32,420.07	41,703.56	
Segment results							
- Bulk drugs/chemicals	767.25	1,723.33	4,269.93	4,840.87	12,235.24	15,149.14	
- Property	98.82	144.54	228.99	434.98	625.83	582.97	
- Unallocated (Net)	480.15	(160.35)	(217.17)	170.71	(1,583.06)	(1,534.91)	
Total	1,346.22	1,707.52	4,281.75	5,446.57	11,278.01	14,197.20	
Less: Inter-segment results	(0.45)	(0.39)	17.94	(1.27)	737.69	738.72	
Total Profit before tax and before finance cost	1,345.77	1,707.13	4,299.69	5,445.30	12,015.70	14,935.92	
Less : Finance costs	(534.81)	(486.97)	(562.56)	(1,514.92)	(1,476.77)	(2,065.31)	
Total Profit before tax	810.96	1,220.16	3,737.13	3,930.38	10,538.93	12,870.61	
Segment Assets							
- Bulk Drugs/chemicals	38,674.58	37,690.78	32,063.28	38,674.58	32,063.28	32,700.32	
- Property	8,254.45	7,979.10	8,351.26	8,254.45	8,351.26	8,250.11	
- Unallocated	13,792.82	17,416.61	10,000.68	13,792.82	10,000.68	14,174.28	
Total Segment Assets	60,721.86	63,086.49	50,415.22	60,721.86	50,415.22	55,124.71	
Segment liabilities							
- Bulk Drugs/chemicals	7,144.27	6,152.51	8,047.69	7,144.27	8,047.69	7,456.78	
- Property	862.51	1,005.48	1,656.58	862.51	1,656.58	1,181.03	
- Unallocated	22,380.75	26,050.80	19,540.89	22,380.75	19,540.89	21,430.30	
Total Segment liabilities	30,387.53	33,208.79	29,245.16	30,387.53	29,245.16	30,068.11	

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- 2 The unaudited financial results included in the above statement of standalone and consolidated results includes the financial information of two subsidiaries and one associate on the basis of unaudited financial information prepared by the Management which have not been reviewed or audited by their auditors. The said interim financial information is not material to the consolidated results.
- 3 These unaudited standalone and consolidated financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.
- 4 The Company has given share application money of ₹ 597.00 Lakhs to Noble Explochem Ltd, whose total equity as at 31st March, 2019, as per the available latest audited financial results for the quarter and year ended 31st March, 2019 is negative, where the independent auditors of Noble had issued an adverse audit opinion on the aforesaid results. Further, the operations of Noble were suspended since December 2006. Noble was under insolvency proceedings from 14th May, 2018. The Company has been accepted as financial creditor by the NCLT. The NCLT has passed an Order approving the plan filed by one of the resolution applicants, pursuant to which an amount of ₹ 608.48 Lakhs (including partial interest) has been received subsequent to 31st December, 2019. In view of the changed position as above, this matter no longer remains a subject matter of qualification in the review report on the Company's unaudited standalone and consolidated financial results for the quarter and nine months ended 31st December, 2019.
- 5 a) The National Company Law Tribunal, Mumbai Bench, has approved the Scheme of Amalgamation between the Parent i.e. DIL Limited (DIL) and Fermenta Biotech Limited (FBL) and their respective shareholders. The Scheme has become effective from 26th September, 2019. The appointed date of the Scheme is 1st April, 2018. Accordingly, the effect of the Scheme has been given in these unaudited standalone and consolidated financial results for the quarter and nine months ended 31st December, 2019 and the figures for the corresponding previous periods/year have been restated. The amalgamation has been accounted as common control transaction in accordance with Appendix C of Ind AS 103 'Business Combinations'. The remaining shareholders of erstwhile FBL (i.e. other than the Parent) and the ESOP Trust of erstwhile FBL have been issued on 10th October, 2019, 442,982 equity shares and 194,555 equity shares respectively, in the ratio of 100 shares of Rs. 5 each in DIL for every 251 shares of ₹ 10 each held in erstwhile FBL. The name of the amalgamated company has been changed from DIL Limited to Fermenta Biotech Limited vide Certificate of Incorporation issued by the Registrar of Companies, Mumbai dated 17th October, 2019.
b) In view of the amalgamation referred to in note 5(a) above, the Company has filed an amalgamated return of income for the assessment year 2019-2020 and utilised carried forward losses and depreciation in respect of which DIL had recognised a Deferred tax asset as at 31st March, 2019.
c) During the quarter ended 30th September, 2019, the management has reassessed the recoverability of MAT credit entitlement and recognised MAT credit of ₹ 4,542.13 Lakhs (presented within deferred tax asset). Further, there has been a change in the Minimum alternative tax rate from 18% to 15% plus applicable surcharge and health and education cess thereon as enacted in the Taxation Law (Amendment) Ordinance, 2019 and also a change in the Income tax rate from 30% to 25% plus applicable surcharge and health and education cess thereon as enacted in the Union Budget 2019 for companies which have turnover less than 400 crores for the financial year 2017-18. Accordingly, the Company had measured the deferred taxes (other than MAT credit entitlement as referred above) as at 30th September, 2019 at the eligible tax rate of 25% plus applicable surcharge and health and education cess thereon.
d) The combined effects of the above 5(b) and 5(c) have been included in the tax expense for the nine months ended 31st December, 2019: reversal of current tax by ₹ 510.03 Lakhs and net credit for deferred tax of ₹ 1,611.08 Lakhs.
- 6 During the quarter ended 31st December, 2019, the Board of directors have declared an interim dividend of 100% (Rs. 5.00 per equity share of ₹ 5 each) for the financial year 2019-20 which has been paid during the quarter.
- 7 Based on the recommendation of the Board of Directors in its meeting held on 24th December, 2019, the members of the Company through Postal Ballot approved on 28th January, 2020, the issue of bonus shares in the ratio of two fully paid up equity share of ₹ 5/- each for every one existing fully paid up equity share of ₹ 5/- each held by the members. The Record date for implementation of above corporate events had been fixed at 14th February, 2020. Accordingly, the equity shares of the Company would be ex-bonus on 13th February, 2020 and the revised paid share capital would subsequently, on allotment of 19,231,548 bonus shares of ₹ 5 each would increase to ₹ 1,442.37 lakhs consisting of 28,847,322 equity shares of ₹ 5/- each (net of ₹ 29.18 Lakhs consisting of 5,83,665 equity shares of ₹ 5/- each held by/to be issued to ESOP Trust) as against share capital of ₹ 480.79 Lakhs consisting of 9,615,774 equity shares of ₹ 5/- each as on 31st December, 2019
The earnings per share for the quarter and nine months ended 31st December, 2019 has been presented based on the revised number of shares and for all the corresponding periods have accordingly been restated in accordance with Ind AS 33 "Earnings per Share" prescribed under section 133 of the Companies Act, 2013 read with relevant rules.
- 8 Effective 1st April, 2019, the Company has adopted Ind AS 116 "Leases" and applied to lease contracts existing on 1st April, 2019, by electing "retrospective approach with the cumulative effect at the date of initial application". The impact of adoption of the standard is not material on the profit after tax for the quarter and nine months ended 31st December, 2019 in the standalone unaudited financial results and the consolidated unaudited financial results, respectively.
- 9 The above unaudited standalone and consolidated financial results of the Company for the quarter and nine months ended 31st December, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 12th February, 2020. The statutory auditors of the Company have conducted a limited review of the above unaudited standalone and consolidated financial results for the quarter and nine months ended 31st December, 2019.

Place: Thane
12th February, 2020

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Krishna Datta
Managing Director

