**Fermenta Biotech Limited** *(formerly known as DIL Limited)*
CIN: L99999MH1951PLC008485
Regd. Office: A - 1501, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W) - 400 610, Maharashtra, India.
Tel. : +91-22-6798 0888 Fax. : +91-22-6798 0899
Email : info@fermentabiotech.com, Website. : www.fermentabiotech.com

Ref: F.No.:49

August 10, 2021

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

Dear Sirs,

**Sub.: Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') – Submission of Notice of the 69th Annual General Meeting ('AGM') and Annual Report for the financial year 2020-21**

**Ref: Scrip Code: 506414**

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we herewith enclose the electronic copy of the Annual Report of the Company for the financial year 2020-21 (along with the Notice of 69th AGM of the Company which is scheduled to be held on Friday, September 3, 2021 at 11:30 a.m. IST) which is sent to all the members whose email IDs were registered with the Company / Depository Participant(s). The requirement of sending physical copies of the above to the members has been dispensed with in accordance with relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

The Annual Report of the Company for the financial year 2020-21 along with the Notice of 69th AGM is also uploaded on the website of the Company at https://fermentabiotech.com/annual-report.php

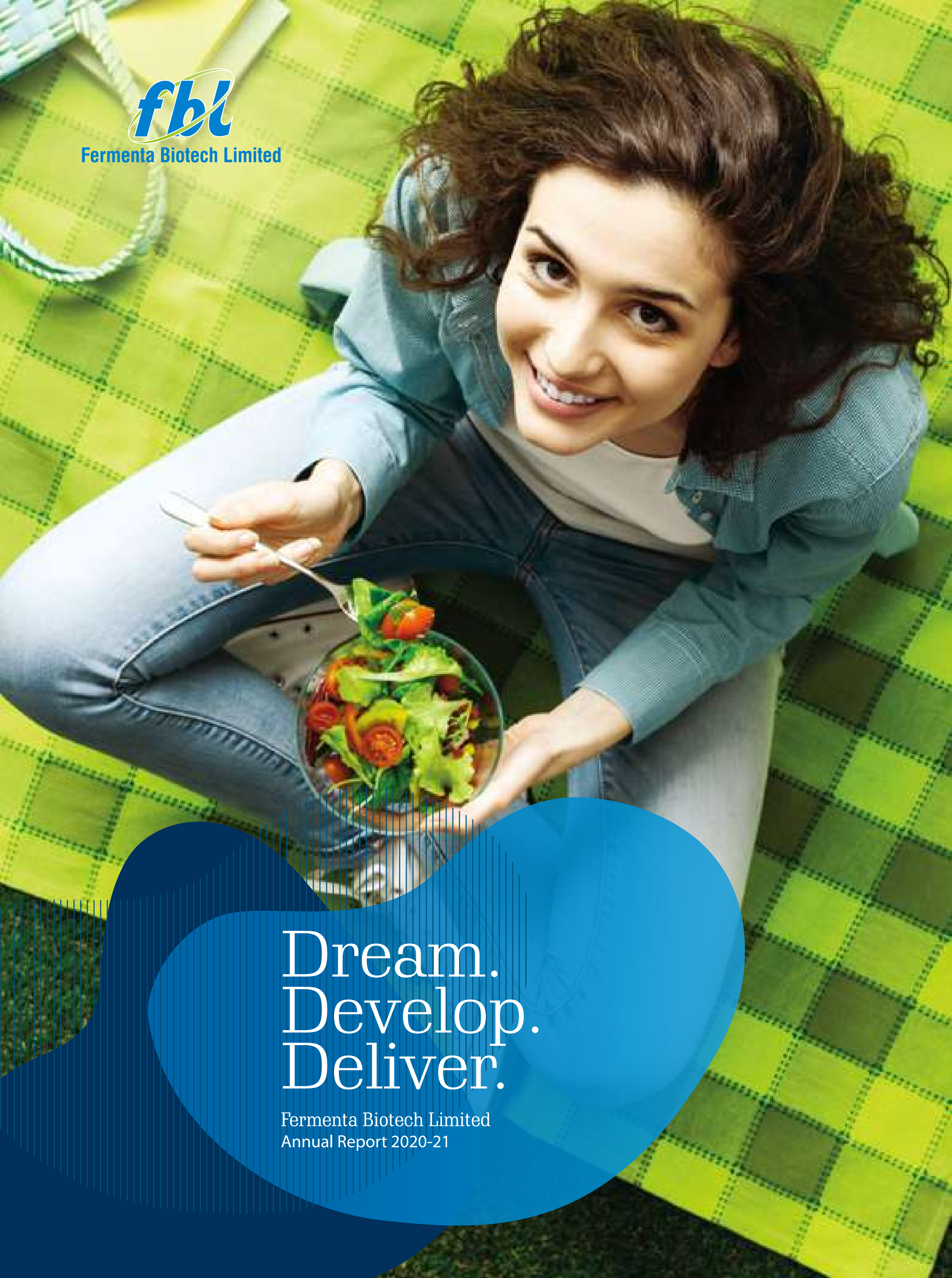
Kindly take the same on record.

Thanking you,

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

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

Encl.: as above



Fermenta Biotech Limited

# Dream. Develop. Deliver.

Fermenta Biotech Limited

Annual Report 2020-21

This annual report starts with one fact.

More than 1 Billion people worldwide - across ethnicities and age groups - suffer from Vitamin D deficiency.

This is a significant statistic in the most challenging health crisis faced by humankind in decades.

The statistic makes our work relevant not just for our stakeholders but the entire world.

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## Forward-looking statement

This document contains statements about expected future events and financial and operating results of Fermenta Biotech Limited ('Fermenta' / 'Company'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the annual report.

# Living the philosophy

FY 2020-21 proved challenging for various sectors.

At Fermenta, we addressed these challenges with a sense of 'can do' passion.

We worked with enhanced safety. We engaged deeper with customers. We drew out a vision for the decade. We acquired global subsidiaries. We widened our international footprint.

The result is that we grew in capacities as well as capabilities and reported a higher EBITDA than the previous year.

In doing so, we lived our operating philosophy.

*Dream. Develop. Deliver.*

Part one

# Introduction to Fermenta

Corporate snapshot

# Fermenta: Science-based solutions for tomorrow's needs.

## Ethical pedigree

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

## Mission

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

## Rich experience

Incorporated in 1951, Fermenta Biotech Limited ('Fermenta' / 'Company') has established a reputation in the areas of pharmaceuticals, enzyme technologies and environmental solutions. Fermenta 'thinks young' and 'moves with the times', effortlessly carrying its decades of rich history.

Core values

- Discipline
- Honesty
- Mutual respect
- Perseverance
- Result orientation

## Fermenta's knowledge capital, March 31, 2021

| | | | | |
|---|---|---|---|---|
| 20<br>PHD and Pharmacists | 21<br>Scientists | 65<br>MBAs and Chartered Accountants | 60<br>Post-graduates | 165<br>Graduates |

## State-of-the-art facilities

Fermenta possesses integrated competencies across production capacities, demand-driven technologies and internal capabilities. This has enabled Fermenta carve a distinctive niche for itself. The Company possesses two state-of- the-art manufacturing facilities across India, one at Kullu (Himachal Pradesh) and the other at Dahej (Gujarat). The Company expanded its R&D facility in Thane; the greenfield project in Saykha received its environmental clearance.

## Manufacturing facilities

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

## Financial credibility

The Company maintained its credit rating at CARE A- (Single A minus) with Stable outlook for Long Term Bank Facilities for fund-based limits and term loan, and CARE A2 (Single A two) for Short Term Bank Facilities for non-fund based limits, and the same was reaffirmed by the credit agency, validating the Company's business health.

## Listing

The Company's shares are listed on the BSE Limited. The market capitalisation of the Company stood at ₹736.66 Crore as on March 31, 2021.

## Widespread presence

The Company's quality and service capability is validated by its sales footprint in over 50 countries in addition to being a dependable supplier to more than 300+ global customers. The Company strengthened its business through the establishment of a wholly owned subsidiary in Germany, widening and deepening its presence in Europe. The Company consolidated its business through its new subsidiaries in the United States of America.

## Diversified range

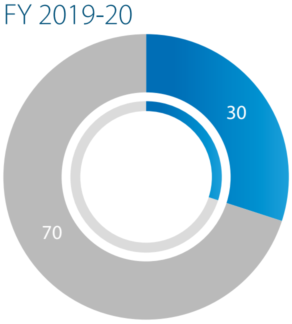
Fermenta is engaged in the manufacture of Vitamin D3, other specialty APIs, biological enzymes and offers integrated biotech- based environmental solutions. The Company also produces a range of variants: crystalline, oil, resin in oil, cold water dispersible and feed grade powder, which can be used in applications like pharmaceuticals, dietary and nutritional supplements, food and beverage fortification. Fermenta is a producer of enzymes for manufacturing active pharmaceutical ingredients with other applications in food and fragrances, oleo and biodiesel, leather and fine chemical industries. The Company offers products and services for environmental solutions in the area of waste water management and treatment. It launched fish oil derived cholesterol for aquaculture nutrition and added natural astaxanthin as well as Omega-3 fatty acids to its basket of nutritional ingredients in FY 2020-21.

## Employees

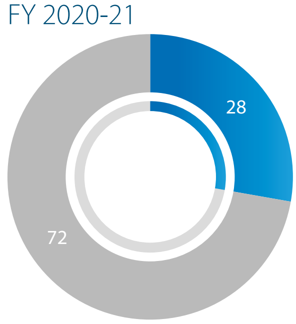
| FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|---|---|---|---|---|
| 369 | 394 | 421 | 524 | 580 |

# Fermenta. Our global footprint


Revenue by geography, FY 2019-20




Revenue by geography, FY 2020-21




Domestic % International%

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | ALGERIA | 18 | ECUADOR | 35 | JORDAN | 52 | SAUDI ARABIA |
| 2 | ARGENTINA | 19 | EGYPT | 36 | KAZAKHSTAN | 53 | SINGAPORE |
| 3 | AUSTRALIA | 20 | EL SALVADOR | 37 | KENYA | 54 | SOUTH AFRICA |
| 4 | AUSTRIA | 21 | ESTONIA | 38 | LITHUANIA | 55 | SOUTH KOREA |
| 5 | BANGLADESH | 22 | FINLAND | 39 | MALAYSIA | 56 | SPAIN |
| 6 | BELARUS | 23 | FRANCE | 40 | MEXICO | 57 | SRI LANKA |
| 7 | BELGIUM | 24 | GERMANY | 41 | NEPAL | 58 | SWITZERLAND |
| 8 | BRAZIL | 25 | GREECE | 42 | NETHERLANDS | 59 | THAILAND |
| 9 | BULGARIA | 26 | GUATEMALA | 43 | NEW ZEALAND | 60 | TUNISIA |
| 10 | CANADA | 27 | HONG KONG | 44 | OMAN | 61 | TURKEY |
| 11 | CHILE | 28 | ICELAND | 45 | PAKISTAN | 62 | UKRAINE |
| 12 | COLOMBIA | 29 | INDONESIA | 46 | PORTUGAL | 63 | UNITED KINGDOM |
| 13 | COSTA RICA | 30 | SLOVENIA | 47 | PERU | 64 | URUGUAY |
| 14 | CROATIA | 31 | IRELAND | 48 | PHILIPPINES | 65 | USA |
| 15 | CZECH REPUBLIC | 32 | ISRAEL | 49 | POLAND | 66 | UNITED ARAB EMIRATES |
| 16 | DENMARK | 33 | ITALY | 50 | ROMANIA | 67 | VENEZUELA |
| 17 | DOMINICAN REPUBLIC | 34 | JAPAN | 51 | RUSSIAN FEDERATION | 68 | VIETNAM |

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# Our inspiring journey across the years

**1951**

Establishment of International Franchises Pvt. Ltd.

**1963**

Obtained technical know-how for manufacturing Vitamin D from Philips N.V. Duphar-Interfran Ltd (DIL) was established as a result of a joint venture with Philips Duphar

**1967**

Commercial manufacturing of Vitamin D commenced

**1980**

Philips Duphar taken over by Solvay

**1986**

Fermenta established with its first enzyme manufacturing plant in Kullu, Himachal Pradesh

**2002**

Demerger of pharma business to Solvay

**2003**

Expanded manufacturing capacity with Vitamin D3 at Kullu

**2011**

Completed construction of the Dahej facility

## 2012

Launched new and improved Penicillin G Acylase catalyst – Fermase PA 850

Augmented the Vitamin D3 resin manufacturing capacity in Dahej

## 2014

Launched Vitamin D3 100 CWD to cater to the food and dietary nutraceutical supplements market

Completion of Thane One building

## 2015

Obtained Occupation Certificate for the Company's IT/ITES project, Thane One.

## 2016

Enhanced Vitamin D3 capacity at its new plant at Dahej

Launched a new version of Vitamin D3 500 feed grade powder

## 2017

Received CEP from EDQM for its Dahej facility for Vitamin D

Received FSSC 22000 and BRC food safety approvals for both its plants for Vitamin D

## 2018

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

## 2019

Leased land at Saykha for new projects and expansion programmes.

Completed the merger of DIL and FBL, followed by the renaming of the combined entity as Fermenta Biotech Limited.

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

Integrated backwards into the manufacture of cholesterol, the Key Starting Material of Vitamin D.

## 2020

Launched fish oil cholesterol for aquaculture applications.

Set up an international subsidiary called Fermenta Biotech USA LLC, in USA.

Fermenta Biotech USA LLC acquired a majority stake in US-based vitamins player AGD Nutrition, renamed as Fermenta USA LLC.

## 2021

Developed and filed patent application(s) for enzymatic synthesis of Molnupiravir, a COVID-19 drug

# Our experienced senior management

### Mr. Sanjay Buch

*Chairman (Non-Executive and Independent Director)*

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

### Ms. Rajeshwari Datla

*Non-Executive Director*

She joined the Board of Directors of the Company in 2005. She has rich experience in strategic management and operation of pharmaceutical companies. She is also a member of the Company's Audit Committee.

### Dr. Gopakumar Nair

*Non-Executive Independent Director*

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

### Mr. Vinayak Hajare

*Non-Executive Independent Director*

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

### Ms. Rajashri Ojha

*Non-Executive Independent Director*

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

### Mr. Krishna Datla

*Executive Vice-Chairman**

He has played a key role in the decision-making process and also oversees new businesses of the Company. He is also the Promoter Director of Fermenta (Formerly known as DIL Limited). Credited with the integration of businesses across the various group companies, he has infused a strong sense of global vision thereby opening the opportunities across international markets. Effective May 09, 2021, he has been redesignated as Executive Vice Chairman.

### Mr. Satish Varma

*Executive Director*

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

### Ms. Anupama Datla Desai

*Executive Director*

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

### Mr. Prashant Nagre

*Managing Director**

He possesses nearly three decades of experience in the pharmaceuticals industry with an in-depth experience across spheres encompassing the API business, production, Research and Development.

At Fermenta, Prashant heads strategy and day-to-day operations, including business development, budgeting, manufacturing, R&D and allied activities. He holds a Master's in Management Sciences, and also a Post Graduate Diploma in International Trade (IIFT, New Delhi) besides a Degree in Pharmacy.

* Note:
I. The Board of Directors appointed Mr. Krishna Datla as a Whole-Time Director, designated as Executive Vice-Chairman, from May 09, 2021, subject to members' approval.
II. The Board of Directors appointed Mr. Prashant Nagre (DIN: 09165447) as (a) Additional Director from May 06, 2021, and (b) Managing Director from May 09, 2021, subject to members' approval.

# Fermenta's resilience was increasingly visible across every successive quarter of FY 2020-21

The financial health of our business (Standalone)

### Total Income (₹ Crore)

| | |
|---|---|
| Quarter one | 102.20 |
| Quarter two | 94.25 |
| Quarter three | 88.33 |
| Quarter four | 94.65 |

### EBITDA (₹ Crore)

| | |
|---|---|
| Quarter one | 26.13 |
| Quarter two | 28.58 |
| Quarter three | 23.82 |
| Quarter four | 21.80 |

### Profit after tax (₹ Crore)

| | |
|---|---|
| Quarter one | 16.30 |
| Quarter two | 14.94 |
| Quarter three | 11.05 |
| Quarter four | 9.67 |

### Cash profit (₹ Crore)

| | |
|---|---|
| Quarter one | 20.19 |
| Quarter two | 19.48 |
| Quarter three | 15.72 |
| Quarter four | 15.61 |

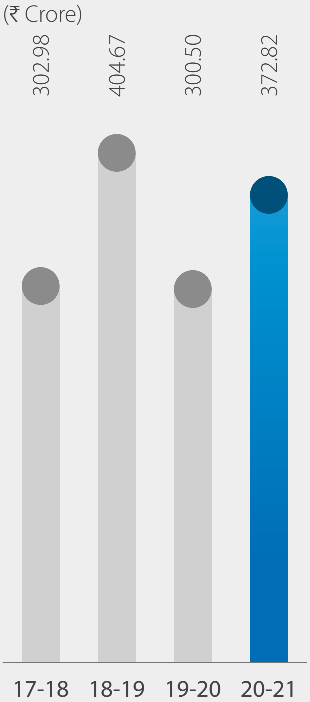
## The financial hygiene of our business

### EBITDA margin (%)

# How we transformed in the last few years

## Revenues (Consolidated)

(₹ Crore)




### Definition

Growth in sales net of taxes

### Why is this measured?

It is an index that showcases the Company's ability to enhance revenues, an index that can be compared with sectoral peers.

### What does it mean?

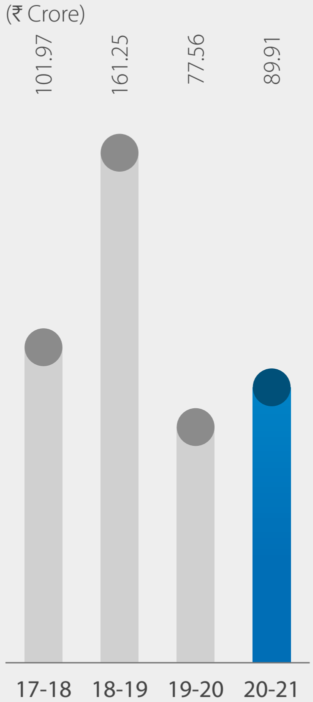
Aggregate sales increased by 28.78% to ₹84.34 Crore in FY 2020-21 due to acquisition of new customers, addition of new products and increased volumes of Vitamin D3 for the Human Nutrition application.

### Value impact

The Company generated attractive revenues despite sectorial challenges.

## EBITDA

(₹ Crore)




### Definition

Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax)

### Why is this measured?

It is an index that showcases the Company's ability to generate a surplus following the expensing of operating costs.

### What does it mean?

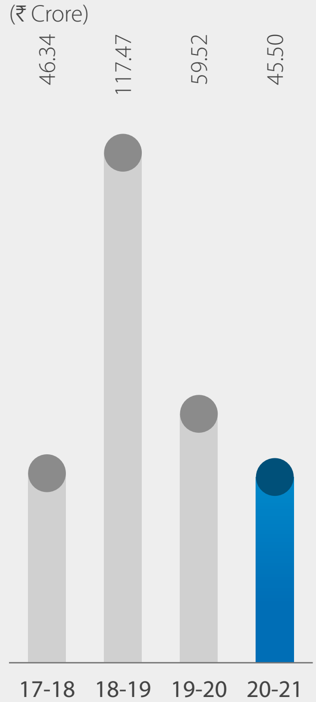
Helps create a robust growth engine. EBITDA increased by ₹12.35 Crore and 15.9% over the previous year.

### Value impact

The Company generated an attractive surplus despite sectorial challenges

## Net profit

(₹ Crore)




### Definition

Profit earned during the year after deducting all expenses and provisions

### Why is this measured?

This measure highlights the strength of the business model in enhancing shareholder value

### What does it mean?

Ensures that adequate surplus is available for reinvestment.

### Value impact

The Company reported a 23.55% decrease in net profit in FY 2020-21 over the previous year. This was due to a one-time Deferred Tax Asset created in the previous year on account of the amalgamation of companies (making the performance across both years not strictly comparable).

## EBITDA margin

(%)


### Definition

EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency

### Why is this measured?

The EBITDA margin provides a perspective of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

### What does it mean?

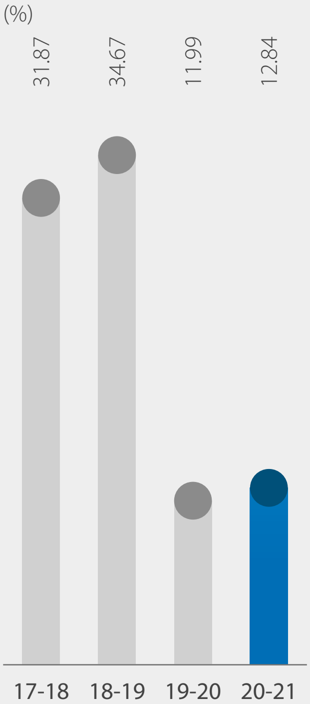
This demonstrates adequate buffer in the business expressed as a percentage, which, when multiplied by scale, enhances surpluses.

### Value impact

The Company reported a 265 bps decline in EBITDA margin due to the investment made in new products and one-time losses incurred by the subsidiary.

## RoCE

(%)




### Definition

It is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business

### Why is this measured?

RoCE is a useful metric for comparing profitability across companies based on the amount of capital they use – especially in capital-intensive sectors.

### What does it mean?

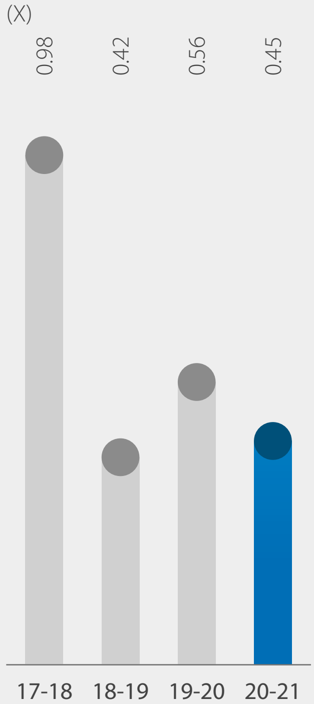
Enhanced RoCE can potentially drive valuations and perception.

### Value impact

The Company reported a 85 bps increase in RoCE during FY 2020-21.

## Net Gearing

(X)




### Definition

This is derived through the ratio of net debt to net worth (less revaluation reserves)

### Why is this measured?

This is one of the defining measures of a company's financial solvency.

### What does it mean?

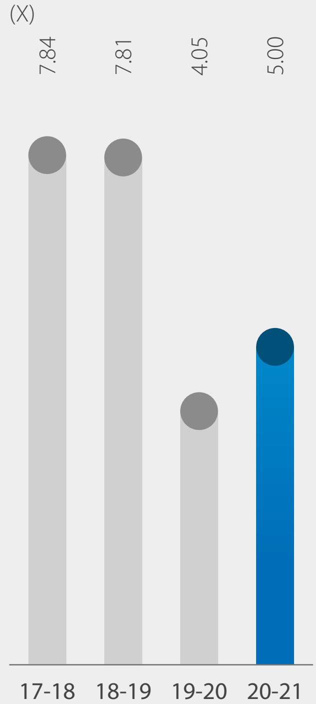
This measure enhances a perception of the borrowing room within the Company, the lower the gearing the better.

### Value impact

The Company's gearing was well within the acceptable limits even after a mobilisation of long-term debt.

## Interest cover

(X)




### Definition

This is derived through the division of EBITDA by interest outflow

### Why is this measured?

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

### What does it mean?

A company's ability to meet its interest obligations, an aspect of its solvency, is arguably one of the most important factors in assuring sizeable returns to shareholders.

### Value impact

The Company's interest cover strengthened by 95 bps during the year under review.

## Net worth

(₹ Crore)


### Definition

This is derived through the accretion of shareholder-owned funds

### Why is this measured?

Net worth indicates the financial soundness of the Company – the higher the better.

### What does it mean?

This indicates the borrowing capacity of the Company and influences the gearing (which, in turn, influenced the cost at which the Company can mobilise debt).

### Value impact

The Company's net worth increased consistently over the years - 2.67x over three years.

# Operational highlights of what we achieved in FY 2020-21

Fermenta's US subsidiary Fermenta Biotech USA LLC, acquired a majority stake in AGD Nutrition LLC (renamed as Fermenta USA, LLC) to widen its distribution strength in the US.

The Company received environment clearance for its greenfield project at Saykha, a new manufacturing facility; the Company implemented capacity enhancement measures at Kullu.

The Company has taken steps towards capacity expansion at its Dahej manufacturing facility.

The Company continued the contract manufacture of animal feed in Germany through its German subsidiary Fermenta Biotech GmbH.

The Company continued the manufacture of raw material cholesterol from wool grease to secure a part of its supply chain for the manufacture of Vitamin D.

The Company received engineering, procurement and construction orders for the design, supply, erection and commissioning of STPs from reputed clients.

The Company launched natural astaxanthin, an antioxidant, in the Indian subcontinent as the exclusive distributor of a Chilean manufacturer.

The Company introduced its fish oil cholesterol as a shrimp feed additive.

The Company developed and filed patent application(s) for enzymatic synthesis of Molnupiravir, a COVID-19 drug.

Part two

# Strategic direction: Micronutrients. Small doses. Big difference.

# Our ambition: Providing the right nutrition

Fermenta aspires to…

Supply a basket of life-changing ingredients to the global community

Deliver nutrition to the next generation

Empower lives through high quality micronutrients

# Why food fortification is increasingly relevant

## Malnutrition

India witnesses a poor consumption of micronutrients with a high burden of Vitamin A and D deficiencies among young children and adults.

## Staple food fortification

Staple foods have been identified as ideal vehicles for the addition of premixes due to their widespread consumption. Fortified rice, oil and milk can combat deficiencies by delivering micronutrients in a safe and effective manner.

## Milk fortification

Studies suggest that the intake of fortified milk not only increased mean serum Vitamin D levels but also morbidity rates were decreased (lower incidence of diarrhoea and pneumonia, fewer days with high fever and severe illness).

## Rice fortification

Rice fortification has a high potential to fill the gap in current staple food fortification programs as it is the staple food of 65% of the Indian population and reaches the most vulnerable and poorer section - with the highest uptake in the government safety net programmes. A number of studies demonstrate the efficacy of extruded fortified rice on improving micronutrient status in women and children.

## Oil fortification

At present, 69% of the packaged edible oil sold across pan-India is fortified and this is likely to increase considering Food Safety and Standards Authority of India (FSSAI) draft regulations on mandatory fortification of oil. There have been numerous successful case studies reported across the world, proving the benefits of oil fortification for health.

(Source: FFRC, FSSAI, Economic Times report, March 2020)

## Fermenta's VITADEE® AD2 Oily Blend

Fermenta launched a new premix for oil fortification called VITADEE® AD2 Oily Blend. This premix brings the advantages of suitability, sensory satisfaction and stability coupled with compliance with FSSAI fortification regulations.

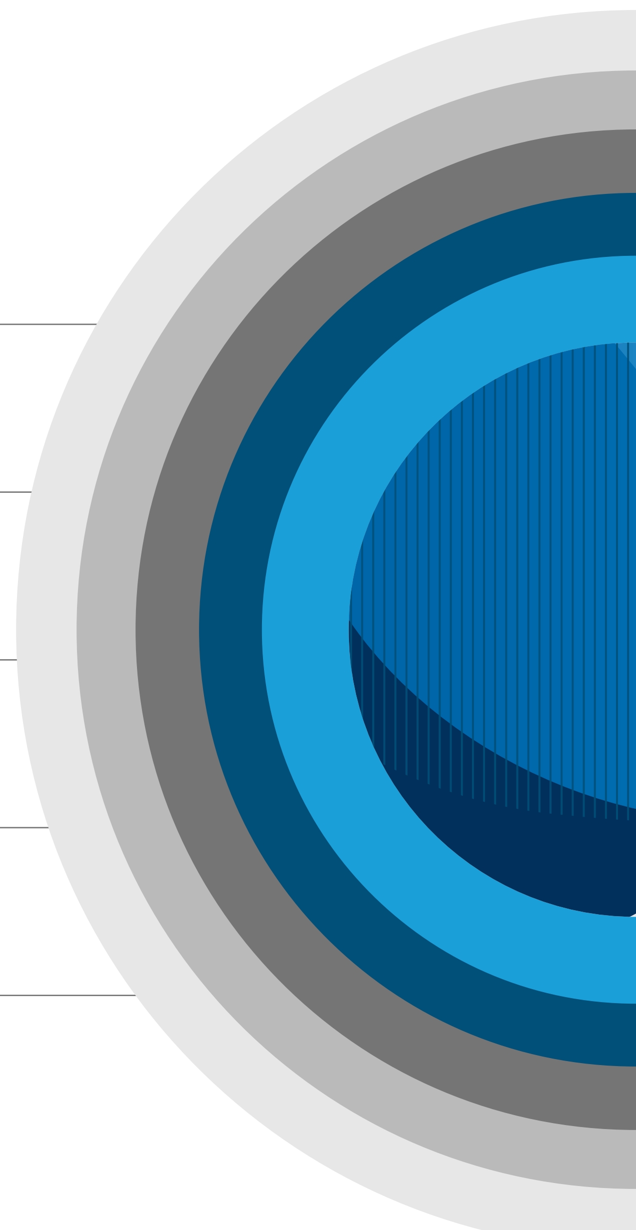
### Benefits of fortification*

- Eliminates malnutrition and nutritional deficiencies.
- Provides extra nutrition at affordable costs.
- Preserves inherent food characteristics (taste, texture and appearance).
- Addresses the national nutritional gap. Cost-effective solution.

*Fortification is the addition of key vitamins and minerals such as Iron, Iodine, Zinc, Vitamins A & D to staple foods such as rice, wheat, oil, milk and salt to improve their nutritional content.

# 5 lifestyle trends shaping the nutraceuticals industry

1. Rise in chronic and non-communicable diseases
2. Rising healthcare costs
3. Transition from curative to preventive healthcare
4. Increasing awareness of the importance of nutrition
5. Evolving consumer focus from illness to wellness



### FSSAI issues draft for mandatory fortification of edible oil & packaged milk

The FSSAI has issued a draft of regulations for the mandatory fortification of edible oil and packaged milk. The fortification regulations were already notified providing a minimum and maximum range for fortification of staples like wheat flour (atta), maida, rice, salt, vegetable oil and milk, which was voluntary.

(Source: FnBnews.com)

# 5 reasons the nutraceuticals growth trend is likely to sustain

1. Ease of blending into end-products (dairy, bakery, confectionery, snacks, cereals, fats and oils, meat and baby food)
2. Growing fitness need resulting in high protein food; popular fortification includes vitamins, minerals, fiber and protein
3. Superior research in combined formulations
4. Increased post-pandemic relevance
5. Global spending on health is growing faster than the rest of the global economy

(Source: WHO)

# Why Vitamin D and other nutritional ingredients represent the long-term direction of our Company

1
Billion, the number of people in the world deficient in Vitamin D

1.7
USD Billion, global Vitamin D market size, 2025

7.0
%, projected growth in the global Vitamin D market size, 2019 to 2025.

16
USD, return on every dollar invested in nutrition

2
Billion, the number of people impacted by hidden hunger or micronutrient deficiency globally

382.51
USD Billion, size of the global nutraceutical market in 2020

722.49
USD Billion, projected size of the global nutraceutical market by 2027

*Compound Annual Growth Rate of 8.3% between 2020 and 2027*

10
USD Billion, size of the Indian nutraceutical market in 2020

18
USD Billion, projected size of the Indian nutraceutical market by 2025

Compound Annual Growth Rate of 12.47% between 2020 and 2025

2
% size of India in the global nutraceuticals market, 2020

3.5
% size of India in the global nutraceuticals market, 2023

70
% of the Indian population that received less than half the recommended daily nutritional intake.

# Chairman's message

## What we achieved in the area of Vitamin D in the last decade is what we seek to achieve in the nutraceuticals space across the next ten years.

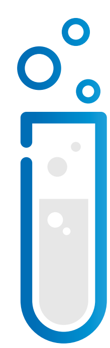
### Overview

If there is a singular overarching message of this annual report, then it is this: ever since we remember we were told that food is important for our existence.

The time has come to add a prefix: the word 'fortified'.

The increasing relevance of this word is derived from the fact that the world faces a large economic burden arising from malnutrition. India is ranked an alarming 102 out of 117 countries in the Global Hunger Index (GHI), a reflection of chronic and acute undernutrition. Malnutrition is the most common cause of immunodeficiency, with micronutrient deficiency and protein-energy malnutrition being at the core of the challenge.

The trinity of dietary diversification, food fortification and supplementation are required for overcoming micronutrient deficiency. Fermenta's products enjoy extensive applications across supplementation and fortification, which play a large health role. Fortification of staple foods is being widely acknowledged as one of the most effective ways for combating micronutrient deficiency across age groups. The addition of micronutrient premix to food to enhance the nutritional quality is a scientifically proven, cost-effective, scalable and sustainable solution.



In the last few years, there has been a greater impetus to the fortification movement. Forward-looking governments are recognising that the cost of proactive food fortification is but a fraction of the cost arising out of reactive remedial action, which could include the cost of medicines and hospitalisation. Following

the pandemic, the inflection point is here and now. What years of advocacy barely achieved is now a global demand for increased immunity derived from balanced food consumption.

At Fermenta, we are prepared for this reality. The addressable market is large and growing: there is a multi-decade growth headroom available in this segment.

We are investing long-term resources to address this opportunity. We believe that this business represents our new frontier; what we achieved in the area of Vitamin D in the last decade is what we seek to achieve in the nutraceuticals space across the next ten years. What provides me confidence and optimism is that we possess the vision, synergic capabilities, technological competence and operational discipline to make this happen. We are competently placed to provide the complete basket of products (either manufactured within or outsourced) that makes a single-point solution provider.

What we have going for our business case is that we are prudently borrowing, we have a widening global presence through subsidiaries, our manufacturing discipline has been validated by demanding global customers and certifications and we have demonstrated the capacity to build and sustain eco-system relationships across the long-term.

The result is that we are not just engaged in growing our business from quarter to quarter; we are engaged in capitalising on a structural shift with a fundamental change in the way we see our business across the coming decade. We expect to address this sizable opportunity with a prudent mix of debt and internal accruals, which are intended to enhance value in the hands of all those who own shares in our Company.

Mr. Sanjay Buch

*Chairman*

## What drives Fermenta

Our passion for eliminating hidden hunger

Our commitment towards our global clientele

Our demand-driven innovation focus

Our dedicated knowledge bandwidth of subject matter experts

Our continuous pursuit of excellence in delivery systems

Our best-in-class research and manufacturing infrastructure

Our endeavour to create shared value for all stakeholders

Our aspiration for healthier lives and stronger communities

# The Managing Director's business review

## Overview

I am pleased to present my first communication with you in the capacity of Managing Director.

I write with a sense of pride related to our performance during the year under review, which proved to be among the most challenging that we have encountered in our existence.

The year under review was marked by the pandemic, leading to a volatility in supply chains, personnel vulnerability and operational discontinuity.

I am proud that your Company stood up to the challenges of the year under review and reported an appreciable increase in revenues and profits in FY 2020-21.

## Spirit of the Company

The COVID-19 pandemic broke upon the world without warning during the year under review.

Within the space of a few days, the Company was required to protect its people, customer commitments and financials. The Company imposed a voluntary shutdown of its manufacturing facilities and its corporate office before the government lockdown became a reality. It would have been easy to remain defeated by the circumstances as virtually every reality appeared outside the Company's control. On the contrary, the Company – from the senior management to the last person standing – was united in its resolve: 'We will not be defeated.'

This resolve worked for an interesting reason: there was a high degree of conviction among our people that we would overcome the various challenges. The operative word across our Company – dispersed across shopfloors and cities on account of work-from-home – was 'believe'. I am proud to lead a company where every single person believed that we would do better than what it took. This high ownership was reflected in practices where the efforts taken to not just survive but thrive by adapting to the situation have set us apart. The aggregation of our various initiatives reflected in the overall performance of our Company.

## Resilience and perseverance

Fermenta's outperformance during a challenging moment was derived from the interplay of two words – resilience and perseverance.

One of the first initiatives taken by the Company was the creation of a Covid Task Force, comprising cross-functional employees. This team drew out an extensive blueprint on the personal safety of our employees and their families; it addressed the need to protect customer deliveries; it engaged with supply chain partners to stock inventories before the lockdown became a reality. It implemented social distancing by investing in requisite provisions and infrastructure. Besides, the Company created a number of committees that identified and mitigated risks across the organisation. The net was cast wider for capturing issues of material relevance; these were funnelled down, and counter-initiatives formulated with the objective of responsible redressal. While there was no denying that we had a challenge on our hands, our team classified and addressed the consequences of these risks with speed and sensitivity.

The message that we were ready for business (as permitted by the government by the virtue of being in the essential services) went out to our customers. The result is that we strengthened our order book and performed better than in the previous year. In turn, we gradually shifted the needle from 'survival' to 'success'.

## Future-ready, purpose-driven

If there is a primary message that I intend to communicate, it is this: Fermenta could have turned defensive in a challenging year; the Company embarked on a number of initiatives to strengthen its business instead.

**One**, the Company's executives worked from home through the course of FY 2020-21 without compromising productivity; the Company reported an increase in revenues and profits without its employees attending the corporate office. The Company invested in IT infrastructure that facilitated paperless transactions and remote working.

**Two**, the Company recruited 142 executives to strengthen its bandwidth across various functions and competencies. It strengthened its Human Capital across functions and locations during the pandemic. The organisation ensured well-being and employee care with a focus on health and safety.

**Three**, the Company initiated its active investment mode; it set up a wholly-owned subsidiary in the US that subsequently acquired a majority stake in a US-based vitamins player, strengthening its ability to address the vast opportunities of the US market.

**Four**, the Company built relationships with key global customer accounts for Vitamin D, and widened access to clientele across the world.

**Five**, the Company commissioned a German subsidiary that will deepen our presence on the continent and graduate us closer to customers, strengthening their confidence in our ability to service them with speed.

**Six**, the Company took significant steps towards its vision for nutritional ingredients by launching natural astaxanthin and Omega-3 through strategic international collaborations.

**Seven**, the Company commissioned its backward integration from the manufacture of Vitamin D to cholesterol, with an aim to widen its value chain and margins.

The Company achieved these milestones, validating its commitment towards all stakeholders.

## Outlook

What provides me with optimism is that Fermenta is positioned at an inflection point in its existence.

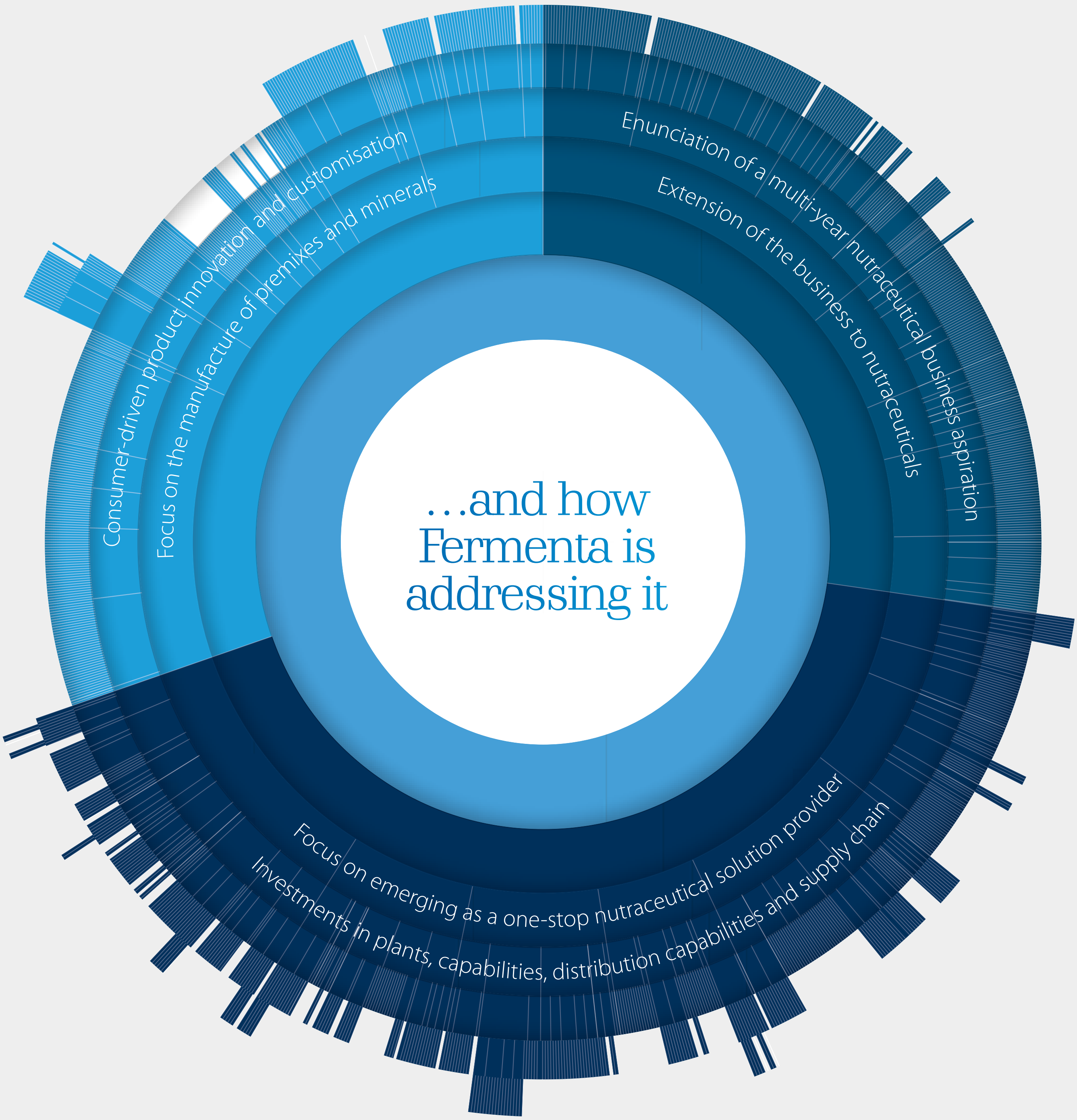
The Company possesses adequate liquidity and a commitment to extend its business towards nutraceuticals. The addressable market for nutraceuticals is large; a number of governments the world over (including India) encourage food fortification. In line with this rich potential, the Company intends to move towards the manufacture of nutritional ingredients and premixes.

The one message that I intend to leave our shareholders with is that Fermenta demonstrated success with Vitamin D through the last decade. The time has come for Fermenta to invest judiciously in its business to create the next generation of ingredients that enhances value for the Company in a sustainable way across the foreseeable future.

Prashant Nagre

*Managing Director*


A nutrition-deficient world…
Modern diets skewed towards nutrition-deficiency
Rise in economic cost of disease (direct and indirect)
Increase in lifestyle diseases
Growing importance of immuno-nutrition
Increased susceptibility of patients with co-morbidities to infection


…and how Fermenta is addressing it
Consumer-driven product innovation and customisation
Focus on the manufacture of premixes and minerals
Enunciation of a multi-year nutraceutical business aspiration
Extension of the business to nutraceuticals
Focus on emerging as a one-stop nutraceutical solution provider
Investments in plants, capabilities, distribution capabilities and supply chain

# Financial overview: The Management's perspectives

## How we strengthened our financial foundation for sustainable growth

### Overview

The principal message that we seek to communicate is that the Company's business model capitalised on the existing model of 'Dream. Develop. Deliver.' The Company strengthened its business model during a challenging and divergent FY 2020-21. The Company's performance at a time of turbulence validated the Company's spirit and commitment to business resilience during downturns with the objective to rebound with speed during a sectorial recovery.

### Performance

During the last decade, the Company built around a complement of three businesses – Vitamin D3, APIs and biotechnology - with the objective to enhance multi-year sustainability. This approach was endorsed during the financial year under review when the Company (standalone) reported 24% revenue growth (compared with the Indian GDP degrowth of 7.3%) and 23% EBITDA growth. This performance was creditable given that the Company's performance was impaired during the first quarter of FY 2020-21 on account of the lockdown.

### Credit rating

At Fermenta, we have consistently focused on being rated favourably by the most demanding agencies in India. During the year under review, the Company's credit-rating was reaffirmed at CARE A- (Single A minus) with Stable outlook for Long Term Bank Facilities for fund-based limits and term loans, and CARE A2 (Single A two) for Short Term Bank Facilities for non-fund-based limits for FY 2020-21. We believe that a credible credit rating makes it possible for us to enhance low-priced debt availability should there be a need to mobilise. We also see this credit rating as an index of our respect and competitiveness across market cycles.

### Capital efficiency

The Company will seek to maximise capital efficiency through low-cost debt mobilisation, investment in projects with efficient payback, value-addition and superior working capital management.

At Fermenta, we maximise capital efficiency by entering a product segment, seeding the market, growing a consumption appetite, investing accruals into manufacturing capacity in the under-penetrated geographies, extending this to a wider footprint and using its sustained relationship and customer engagement as a competitive moat. Besides, the Company enters relatively under-penetrated product spaces.

The result is that the Company grew from scratch in the Vitamin D segment a decade ago and has since emerged among the three largest in the world, extending across animal and human feed applications. The Company is extending to nutraceuticals, the next frontier, which comprises various food fortification products across diverse applications. We believe that this will not only widen revenue streams but also broadbase our risk profile.

## Value chain

At Fermenta, we believe that the unpredictable business cycles and Black Swans need to be addressed with a business model that makes it possible to absorb downsides while remaining liquid and report a quicker recovery following sectorial rebounds. The Company strengthened its value chain following a backward integration from Vitamin D into the manufacture of cholesterol, making it one of the few sustainable global suppliers of Vitamin D.

## Geographic mix

At Fermenta, we have always positioned ourselves as a global company selecting to manufacture out of India. This focus resulted in the Company being able to market more than 70% of its revenues outside India in FY 2020-21. On account of logistic bottlenecks – shortage in the availability of shipping containers and a sharp increase in freight rates – the Company marketed an additional quantity within India during the last financial year (28% revenues). This flexibility is a competitive advantage; besides, within the global market, it marketed products in 50+ countries in FY 2020-21, mitigating geographic concentration risks.

## Margins

At Fermenta, we reported an attractive increase in our EBITDA margin during the year under review. The Company (standalone) maintained its EBITDA margin during the year while revenues increased 24%. The Company maintained its EBITDA margin, the increased logistics and sanitation costs notwithstanding.

## Business health

At Fermenta, our focus is not just the quantitative growth of our business; we focus on the business hygiene that validates that our business is stable, liquid and sustainable. Central to this hygiene is the manner in which we manage our working capital. The first index of our financial hygiene is whether we have drawn working capital extensively / completely against the sanctions provided by the banks or moderately. As a policy, we seek to maximise the use of accruals in business growth, moderating the use of borrowings from banks.

We enhanced our working capital hygiene through the following priorities: shrinking our receivables cycle through better terms of trade with our primary customers (trade partners), extension of our payables cycle in select cases, marketing products with strong offtake and graduation to value-added products.

## Revenue broadbasing

At Fermenta, an important lever of our business sustainability is derived from the broadbasing of our revenue profile. We believe that food fortification will be an emerging area following the pandemic when the world turns to immunity building. The Company will seek to emerge as a 'complete nutraceuticals company', graduating from products to a basket of products – a complete solutions provider. We believe that this positioning will have attractive financial implications: ability to sell and cross-sell; hold on to customer relationships; carve out a larger share of the market; enhance asset utilisation through multi-product flexibility.

## Profitable growth

At Fermenta, we are focused on generating profitable growth through the convergence of the following strategic priorities: increased scale in our existing products, backward integration in our largest product segment (Vitamin D) and a widening of our product basket towards nutraceuticals. We believe that this business model should generate a revenue growth with a higher percentage growth in corresponding EBITDA margins.

At Fermenta, our focus is not just the quantitative growth of our business; we focus on the business hygiene that validates that our business is stable, liquid and sustainable. Central to this hygiene is the manner in which we manage our working capital.

Part three

# Fermenta: How we enhance value

# Our Environment-social-governance (ESG) commitment

## Overview

The first article of faith in the appraisal of companies is how they fare on the environment-social-governance commitment.

This priority is the result of an increasingly volatile world where economic realities transform overnight.

There is a growing conviction that a robust ESG fabric enhances stability, increases counter-cyclicality and establishes the basis for long-term stakeholder value.

## Fermenta and ESG

At Fermenta, an environment-social-governance (ESG) ethos represents the heart of our business.

We believe that this commitment is critical considering that we manufacture a 'product' that consumes land, water, natural resources, fossil fuels and electricity, any moderation in which can have upsides for the local terrain, habitat and ecology.

**Our environment component** ensures that we consume environmentally responsible resources, utilise an optimal quantum of responsible materials, moderate fossil fuels, recycle waste, reduce our carbon footprint and build resistance to climate change.

**Our social component** addresses a proactive investment in talent, relationships (customer and vendors) and social responsibility benefiting local communities.

**Our governance component** indicates how we will grow our business, covering strategic clarity, commitment to conduct codes, Board composition, alignment with UNGC principles and business de-risking.

At Fermenta, we believe that the stability of this comprehensive platform – environment, social and governance – will make it possible to sustain our long-term growth across market cycles, enhancing value for all stakeholders.

## The Environment and Fermenta

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

The result of these realities is a greater emphasis on sustainable manufacture. This comprises an appraisal of the location of manufacturing facilities in locations with a large proximate availability of resources, investment in cutting-edge technologies (produce more with less), low logistic costs and a moderated consumption of natural resources that reduce negative environmental impact, in addition to enhancing employee, community and product safety.

At Fermenta, there is a growing commitment to reduce energy intensity, moderate greenhouse gas emission intensity and graduate to cleaner processes, building materials and fuels. The Company emphasises the alignment of business with United Nations' 10 principles for manufacturing responsibility and environmental sustainability covering Human Rights, Labour interests, Environment responsibility and Anti-Corruption initiatives.

At Fermenta, our commitment to environment responsibility has been centred round the 5 P's: People, Product, Process, Profit and Planet. The 5P's of represent our platform for business sustainability, our commitment to reconcile production growth and moderated carbon footprint.

## The Social commitment and Fermenta

At Fermenta, business growth and competitiveness are derived from passionate people touching a range of stakeholders.

**Employees**: At Fermenta, we invested in a culture of excellence, marked by resource productivity, talent investments (recruitment, retention and training), safety and a passionate working environment.

**Customers and vendors**: The Company grew its stable eco-system of vendors and primary customers (trade partners). The Company derived a large proportion of revenues from primary customers of five years or more.

**Community**: The Company engaged with the community around its manufacturing locations, widening its circle of prosperity in line with the United Nations' Sustainable Development Goals.

## The Governance commitment and Fermenta

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

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

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

### Strategic direction

At Fermenta, we are engaged in business to make a difference – extending from the mere function of manufacture and supply to a prudent selection of the spaces of our presence (marked by unmet needs), commitment to widen markets, enhance quality benchmarks, empower customers to increase their competitiveness and engage with policy makers on how our products can strengthen the social fabric.

### Board of Directors

At Fermenta, we invested in a Board comprising individuals of repute and standing; the members bring rich competencies to our Board; the Board meetings are well attended and debated; the Board provides the strategic direction to the management coupled with periodic reporting accountability.

### Culture of excellence

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

### Values

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

### Professionalised

As a part of restructuring the management of the Company vis a vis reconstitution of the Board, and in order to drive focused growth, the Chief Executive Officer of the Company, Mr. Prashant Nagre, was elevated to the position of Managing Director with effect from May 09, 2021. Mr. Krishna Datla was redesignated as an Executive Vice Chairman and Key Managerial Personnel with effect from May 09, 2021. While the promoters continue to hold a majority equity stake, the professional team has been empowered to deliver results in line with the targets enunciated by the Board of Directors.

### HSE

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

## Singular focus

At Fermenta, we are principally a chemical company with a predominant exposure to Vitamin D that is now likely to extend to nutraceuticals as well. A narrow product focus deepens excellence, attracts specialists, enriches knowledge, strengthens research and enhances scale.

The management intends to focus on the existing business and expanding into the nutritional portfolio – no deviation or distraction - to generate a superior long-term return over alternative investment options. The management exited businesses that had no synergy with the core business (even as it retained its renting business and vacant land to generate an attractive annuity income or complete monetisation at a later date when considered necessary).

## Globalised

At Fermenta, we are positioned as a global company that has selected to manufacture (largely) in India. To grow its global influence, the Company incorporated subsidiaries in Europe and USA; these subsidiaries entered into third party manufacturing cum distribution arrangements, making it possible to build a critical business mass in both continents. The Company's wholly-owned US subsidiary also acquired a 51% stake in a US-based vitamins player, AGD Nutrition LLC, renamed as Fermenta USA, LLC.

## Low indebtedness

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

## Expand incrementally

At Fermenta, we address a global market that is annually growing in modest single-digits. We believe that steady growth is the safest response: entails investments that can be largely addressed through our accruals and does not stretch our bandwidth.

## Maximise productivity

At Fermenta, we believe that long-term competitiveness is influenced by our people selection. We recruit with care; orient employees around our DNA, train extensively, empower extensively, appraise periodically and chart career growth, leading to superior retention and the ability to do more with less.

## Customer adjacency

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

## Processes

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

## Financial hygiene

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

# The space where Fermenta operates and related opportunities can be summarised in these few numbers

## The story of 2020

**1.2**
% growth in the global pharmaceuticals market, 2020
(Source: Statista)

**7.9**
% growth in the global nutraceuticals market, 2020
(Source: Grandview research)

## The story after 2020

**170.4**
USD Billion, size of the global dietary supplements market, 2020
(Source: Globe newswire)

**298.5**
USD Billion, projected size of the global dietary supplements market, 2027
(Source: Globe newswire)

**8.4**
% annual compounded projected growth of the global vitamin D supplements market from 2021 to 2026
(Source: Arizton)

# Our Stakeholder Value-Creation Report, FY 2020-21

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

### Overview

There is a growing importance of the Integrated Value-Creation Report as a communication discipline.

Integrated reporting combines different reporting strands (financial, management commentary, governance and remuneration, and sustainability reporting) into a coherent whole that explains an organisation's holistic ability to create, enhance and sustain value.

The primary purpose of integrated reporting is to explain to providers of financial capital how an organisation enhances value over time. The impact of the integrated report extends beyond financial stakeholders; it enhances understanding across all stakeholders - including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers.

Integrated Reporting highlights how green and ethical values drive long-term growth.

This format reconciles 'hard' (financial) and 'soft' (non-financial) initiatives and helps screen a company like Fermenta more comprehensively.

### Our 8 P's platform

At Fermenta, we invested in a structured 8 P's platform to enhance value for our stakeholders, the basis of our long-term success. This platform is increasingly relevant: there is a growing role of trust in consumer engagement, markets are getting wider, manufacturers are commissioning bigger capacities, there are a larger number of market variables, regulatory compliances are deepening and there is a larger need for economies in business growth.

# Our sustainable 8Ps platform

- Pedigree
- Performance-driven
- People
- Proximity
- Product mix
- Promotion
- Place
- Partnerships

**1 Pedigree**

- Legacy of more than 7 decades
- Manufacturing Vitamin D for over 5 decades
- Present in the Biotechnology space since nearly 4 decades
- Governance journey navigated by the Board of Directors

**2 Performance-driven**

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

**3 People**

- Invested in managerial bandwidth before growth curve
- Invested in recruitment, training and retention
- Deepened training for functional specialisation
- Provided ESOPs

**4 Proximity**

- Positioned as a reliable supplier across the world
- Widened and deepened the product mix
- Prioritised meeting quality and quantity needs of customers
- Achieved a high percentage of order fulfillment
- Invested in creating an international distribution network

## 5 Product mix

- Widened the product mix across applications
- Introduced value-added Vitamin D variants
- Addressed widening customer needs
- Positioned the Company as one of the leaders in the Vitamin D space

## 6 Promotion

- Broad-based marketing approach
- Marketing across geographies and segments
- Focus on deeper customer engagement
- Subsidiaries in international geographies

## 7 Place

- Distribution-based subsidiary in USA
- Tolling facilities in Europe
- Geographic de-risking
- Proximity to customers
- Broad-based international footprint

## 8 Partnerships

- With international contract manufacturing organisations
- With longstanding global experts
- With companies possessing technological expertise
- With application-based distribution networks
- With global resource suppliers

## Our alignment with United Nations' Sustainable Development Goals

Fermenta is enhancing shared value through sustainable growth and by aligning its business activities with Sustainable Development Goals (SDGs).

### SDG 3: Good health and well-being

The Company's flagship product Vitamin D is essential for good health with proven benefits for resistance to disease, moderated risk of infections, stronger respiratory health and higher immunity.

Fermenta collaborated with Indchemie HSPL to provide Vitamin D soft gel capsules to 2.5 Lakh Maharashtra police personnel, to enhance immunity of the Corona warriors.

The Company contributes towards eliminating 'hidden hunger', through its upcoming portfolio of nutritional ingredients.

Through its Integrated Biotechnology business, the Company provides green synthesis technology for the manufacture of APIs. Recently it developed an enzymatic synthetic route for Molnupiravir, a COVID-19 drug.

### SDG 6: Clean water and sanitation

The Company's expertise in Environmental Solutions for waste-water management and treatment ensures that our process water output is odourless and can be utilised for non-potable purposes, complying with Central Pollution Control Board (CPCB) norms.

Fermenta continued to improve water quality through its proprietary bio-product Fermsept®, which is proven to reduce obnoxious odour and improve outlet treated sewage quality.

The Company collaborated with a German technology provider to develop state-of-the-art sewage treatment plants as per CPCB norms, resulting in a smaller carbon footprint compared to conventional STPs, energy-efficiency, chemical-free and of low maintenance.

## SDG 9: Industry, innovation and infrastructure

The Company's enzyme technologies empower clients to reduce CO2 emissions through 'green chemistry.'

The Company's enzymatic platforms help customers consume less energy, water and raw material compared to conventional methods.

The Company's green chemistry solutions result in a lower use of hazardous reagents during processing and reduce harmful waste products as well as by-products.

The Company manufactures Vitamin D using its proprietary cholesterol obtained from wool grease. The result is an end product with traceable and quality value chain, strengthening its position in the global market as a sustainable and reliable supplier of Vitamin D.

## SDG 13: Climate action

Fermenta addresses the 'triple bottomline' priority of most businesses, which help moderate carbon footprint through the effective management of emissions, by-products and waste.

Nearly 95% of the solvents used by the Company are recovered and recycled. The Company introduced technologies to recycle waste. Hazardous chemicals are segregated and neutralised for safe disposal. The Company adopted a twin-focused approach for effective effluents management by reducing trade effluents generated at source and finding new ways of reusing treated effluents. The generation of waste by the Company is within the limits prescribed by the CPCB and SPCBs across all locations. The Company's manufacturing units at Kullu and Dahej are ISO 14001:2015 and ISO 45001:2018-compliant.

## Drivers of our value-creation process

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

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

**Our shareholders** provided capital for our business ventures. Our focus is to generate free cash, growing RoCE and, in doing so; enhance the value of their holdings.

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

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

**Our communities** provide the social capital (education, culture etc.). Our focus is to support and grow communities through consistent engagement. Across all the regions that we operate in, we endeavour our utmost to contribute towards the fulfillment of human rights, in compliance with not only the local laws but also our corporate ethical values.

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

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

## The resources of value-creation

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

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

**Human capital**: Our management and employees possess competent experience that enhances value of our business operations.

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

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

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

# Our value-creation framework

| Strategic focus | Key enablers | Material issues /addressed |
|---|---|---|
| Vendor focus | Fermenta has generated a growing appetite for resources and services, a robust platform for vendors with a long-term business focus.<br>The Company works with a global base of resource providers. | Use of cutting-edge technologies leading to solution differentiation |
| Shareholder focus | Fermenta emphasises governance, operational excellence, cost leadership and information transparency.<br>The Company is focused on increasing annual topline coupled with profitable growth.<br>The Company concluded a value-enhancing merger in the last financial year. | Creating the basis of long-term viability through a superior performance |
| Customer focus | Fermenta remains a product provider of choice through high quality and dependable supplier for its customers across the business verticals of Vitamin D and other APIs, biotechnology and environmental solutions.<br>The Company established international subsidiaries backed by third party manufacturing capacities. | Entering into multi-year customer agreements leading to revenue visibility |
| Employee focus | Fermenta is an employer of more than 500 people across locations; it is proud to provide employment to differently-abled employees as well, enhancing workplace diversity.<br>The Company trains each employee for a number of hours a year, provides stable employment, ESOPs and other benefits. | Creating a professional culture seeking overarching excellence in everything the Company does |
| Community focus | Fermenta is a responsible corporate citizen. Fermenta provided ₹2.10 Crore in FY 2020-21 for CSR.<br>The Company invested in sewage treatment, recycling /e-waste and water treatment across its locations. | Plays the role of a respected business entity in the areas of its presence |
| Government focus | Fermenta abides with taxation requirements in the geographies of its presence, complies with laws and statutes and enriches the communities where it is present.<br>The Company generated ₹261 Crore in foreign exchange earnings in FY 2020-21. | Ongoing compliance with laws and regulations |

## Our value-creation in numbers

### Employee value (Salaries and wages)*

(₹ Crore)

| | |
|---|---|
| 2017-18 | 34.96 |
| 2018-19 | 46.65 |
| 2019-20 | 37.61 |
| 2020-21 | 44.64 |

The Company invested progressively larger amounts in employee remuneration, underlining its role as a responsible employer

### Employee value (Revenue per person)*

(₹ Crore)

| | |
|---|---|
| 2017-18 | 0.79 |
| 2018-19 | 0.99 |
| 2019-20 | 0.60 |
| 2020-21 | 0.64 |

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

### Customer value (Revenues)*

(₹ Crore)

| | |
|---|---|
| 2017-18 | 303 |
| 2018-19 | 405 |
| 2019-20 | 301 |
| 2020-21 | 373 |

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

### Customer value (Unique customers)*

(₹ Crore)

| | |
|---|---|
| 2017-18 | 89 |
| 2018-19 | 114 |
| 2019-20 | 82 |
| 2020-21 | 108 |

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

### Vendor value (Procurement)*

(₹ Crore)

| | |
|---|---|
| 2017-18 | 92 |
| 2018-19 | 125 |
| 2019-20 | 117 |
| 2020-21 | 139 |

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

### Shareholder value (Market capitalisation)

(₹ Crore)

| | |
|---|---|
| 2017-18 | 655.16 |
| 2018-19 | 754.97 |
| 2019-20 | 626.14 |
| 2020-21 | 736.66 |

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

### Community (CSR investment)*

(₹ Crore)

| | |
|---|---|
| 2017-18 | 0.22 |
| 2018-19 | 0.88 |
| 2019-20 | 1.81 |
| 2020-21 | 2.10 |

The Company enriched communities in the geographies of its presence through a complement of initiatives.

*Consolidated figures

# How Fermenta has enhanced shareholder value

## Overview of our value-accretive business model

The world is passing through a deficiency in Vitamin D and nutrition. Besides, the world is marked by polluted water bodies.

Fermenta's business model addresses these gaps in health and hygiene through the manufacture of products and the delivery of relevant services.

These spaces are marked by a high addressable potential on one hand and the Company's competitive advantage on the other, the basis of its business sustainability.

# How we strengthened shareholder value

Group pedigree

Space selection

Global presence

Cost competitiveness

Infrastructure edge

Product mix

Financial discipline

Acquisitions

Responsibility

Enduring relationships

Sustainability

| | | | | |
|---|---|---|---|---|
| **Group pedigree** | Leveraging a multi-decade industry exposure and competence of the Duphar Interfran Group | Leveraging capabilities in strategic vision, niche focus, relationship management and business sustainability | Access to Group knowledge, experience and values | Group brand visibility helping in talent recruitment |
| **Space selection** | Deepening presence in the Vitamin D space (value-added) | Widen nutritional portfolio (through the introduction of new products i.e. natural astaxanthin, Omega-3) | Relatively under-crowded spaces | |
| **Financial standing** | Reaffirmed credit rating, enhancing stakeholder confidence | Growing the business largely through accruals – no equity dilution | Backward integration to widen the value chain | |
| **Global presence** | Presence in more 50 countries | 72% of revenues derived from exports | Established a subsidiary in Germany | Established a subsidiary in USA, which acquired a majority stake in a US-based vitamins player |
| **Infrastructure edge** | Manufacturing infrastructure audited by demanding global regulatory agencies | Infrastructure designed to exceed regulatory standards | Invested in cutting-edge technologies | Facilitating the customised manufacture of products and grades |

## Outcomes of our value-accretive model

Fermenta is the only manufacturer of Vitamin D3 in India and amongst the top three global players. It is one of the few sustainable global suppliers of Vitamin D to be completely integrated.

Fermenta is a pioneer in green chemistry and introduced new applications through its enzyme platforms, including the synthesis of Molnupiravir, a COVID-19 drug.

| | | | | | |
|---|---|---|---|---|---|
| **Cost competitiveness** | Scale: Among leading Vitamin D3 players in the world | Backward integration (manufacture of key starting material, cholesterol) | Prudent space selection (relatively under-crowded) | | |
| **Enduring relationships** | 34% of employees were of five years or more as on March 31, 2021 | Built long-term relationships with customers | Strengthened relationships with key suppliers | | |
| **Product mix** | Revenues are largely focused on a range of Vitamin D3 variants (76%, FY 2020-21) | Growth to be driven by Vitamin D and nutraceuticals | Grown the Human Vitamin D3 segment | | |
| **Mergers and acquisitions** | Complementary merger/ acquisition of assets and subsidiaries | Fast-tracked strategy to enhance presence, infrastructure and revenues | Merger/ acquisition largely focused on business enablement | Two international subsidiaries set up in the last two years | Acquisition of a US-based vitamins player |
| **Responsibility** | Deep ESG compliant business model | Extensively de-risked approach; established credibility | Robust governance and disclosures | Focus on enhanced value for all stakeholders | |

# What we were

Product-focused

Generating revenues largely from Vitamin D3

Manufacturing presence in India

Standalone operations

Asset-driven business

Capability in pharma and animal feed applications

# What we are

Positioned as a solutions provider

Growing focus on nutraceuticals and food basket

Global manufacturing arrangements

Integrated backwards; wider value chain

Increasingly asset-light

Part four

# Fermenta: Sustainable business. Consistent performance. Responsible growth.

Business segment

# Vitamin D3

76%
Share of overall revenues, FY 2020-21

## Overview

The idea of 'sunshine in a bottle' - Vitamin D supplementation - has been promoted as beneficial for a wide range of health issues from bone and immune system health to depression, dementia and diabetes. Vitamin D has been referred to as the miracle nutrient of the century by informed heath experts. More than 10,000 products containing Vitamin D were launched globally in 2020.

Vitamin D is known to have immuno-modulatory and anti-inflammatory properties. Supplementation with Vitamin D could play a vital role in improving immunity and reducing the risk of acute respiratory infections. In view of this, Vitamin D is considered an adjunct therapy for COVID-19.

## Big numbers

**45.75**
(USD, Billion), the global dietary supplement market, 2018

**74.41**
(USD , Billion), the projected global dietary supplement market, 2026

**7.20**
(%), projected global vitamin D supplements market growth, 2019-2024

(Source: Fortune Business Insights, Mordor Intelligence)

## Our business

Over the last five decades, Fermenta has been the only Vitamin D3 manufacturer in India, supplying to 300-plus customers globally. Fermenta's variants comprise pharmaceuticals, dietary, rodenticides and nutrition supplements, veterinary and feed supplements. A majority of Fermenta's topline is generated by this business. The Company offered complementary product offerings to strengthen its positioning.

The global outbreak and fast spreading of SARS-CoV-2 with an unstable outcome has affected people across all life stages worldwide. The role and need of Vitamin D in such crucial conditions of susceptibility and severity of viral diseases have been well known. Although India receives adequate sunlight every year, a majority of the Indian population is deficient in Vitamin D, with most studies reporting a prevalence of around 80-90%.

By the virtue of being engaged in the manufacture of Vitamin D, a molecule considered by various reports to be one of the vital vitamins to boost immunity in the fight against COVID-19, there was a positive impact on the demand for the human Vitamin D3 business. However, volumes and prices of animal D3 continued to be under pressure on account of the second and third pandemic waves.

Despite challenges posed by the pandemic, the Company remained prepared to address the needs of customers.

The Company's optimism is derived from the following:

**Importance of Vitamin D for COVID-19**: We believe that Vitamin D is here to stay, especially Vitamin D3, unlike other nutritional products, which also rose because of COVID-19, because on the general respiratory illnesses and general immunity, linkage between Vitamin D3 and studies have been done. The role of Vitamin D in maintaining health and immunity was underlined during the pandemic; the molecule received renewed interest from governments, scientists and consumers.

**Addition of new customers**: The Company has received letter of acceptances from its new clientele and is participating in the tender business for top brand owners in the retail market in the dietary supplements segment.

**Internal capability enhancement**: The Company implemented capacity enhancement measures at its manufacturing facilities.

## Vitamin D: The keeper of immunity

Vitamin D is a steroid hormone produced endogenously in the skin with the effect of UVB radiations or through exogeneous food and dietary sources. In several studies, Vitamin D is shown to have protective effects against respiratory tract infections such as SARS-CoV-2; people with low levels of Vitamin D are at a higher risk during the global pandemic.

There is emerging evidence that higher serum 25(OH)D concentrations are related to reduced risk through a variety of mechanisms such as reducing survival and replication of virus, maintaining intact epithelial layers as a barrier, reducing pro-inflammatory cytokines, and increasing ACE2 concentrations. 1,25 dihydroxyvitamin D is a potent immune system modulator expressed by many immune system cells such as T Cells and antigen-presenting cells such as dendritic cells and macrophages. It exerts variety of effects on the immune system function, which enhances innate immunity and prevents the development of autoimmunity.

## Vitamin D: The evidence

A number of studies have demonstrated the role of Vitamin D in other infections such as reducing the risk of acute viral respiratory infections, influenza, and pneumonia including the direct inhibition with viral replication or anti-inflammatory and immuno-modulatory effects in the body.

A Meta-analysis of 1,368 COVID-19 positive patients is shown to have low Vitamin D levels (deficiency) related to poorer outcome and prognosis. Early diagnosis of Vitamin D levels in patients could be helpful in accessing the patient's potential of developing an infection and progressing to a severe stage. Appropriate therapeutic and preventive measures may improve the COVID-19 outcomes.

In a review, it was shown that Vitamin D level in the body could affect antimicrobial protein levels and could be crucial in various infection control in the body by innate as well as adaptive immunity.

A Meta-analysis of 1,368 COVID-19 positive patients is shown to have low Vitamin D levels (deficiency) related to poorer outcome and prognosis. Early diagnosis of Vitamin D levels in patients could be helpful in accessing patient's potential of developing an infection and progressing to a severe stage.

## Vitamin D in innate immunity

- Inhibition of inflammatory T cell cytokines such as IL-2 and IL-17.
- For the immune-modulatory effect of Vitamin D, Dendritic cells (DC) are important targets.
- Reduction in the levels of pro-inflammatory cytokine IL-6 secreted.
- Decrease concentrations of the antimicrobial protein cathelicidin.

## Vitamin D in adaptive immunity

- In T cells, reduce the production of cytokine IL-12
- Reduction in the production of IL-12
- Reduces the production of IFN-γ and IL-2. IFN-γ.
- Vitamin D also has an inhibitory effect on B cells.
- Also inhibits the T cells from differentiating in Th1 and Th17 cells, which exerts their effect on intracellular pathogens and are pro-inflammatory.

## Expert advice

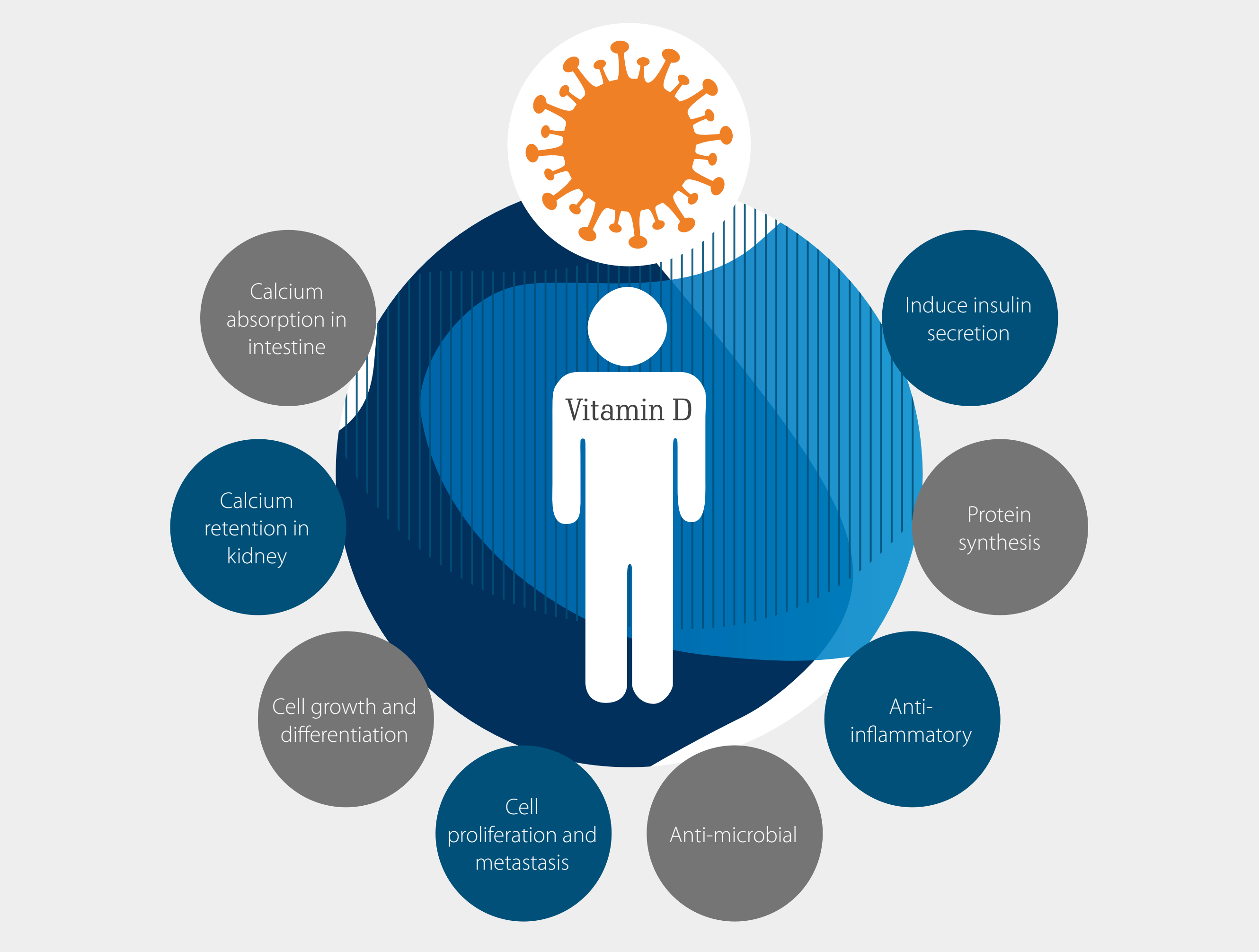
According to a study conducted by the Dr. Holick at University of Boston, Vitamin D can boost the immune system to prevent various infections or at least reduce their impact on the body. Dr. Holick also recommended Vitamin D daily intake of 400-1000IU for infants, 600-1000IU for children and 1500-2000 for adults to reduce the risk of acquiring viral infections and reducing its complications.

According to Dr. Mehmet Oz, MD, FACS, Vitamin D3 is essential for bone and immune health, because it is difficult to get enough D3 from food; he recommends a daily intake of 1000IU with healthy fat to improve absorption.

According to Dr Gareth Davies, if Vitamin D levels are high, the innate immunity is strong. It is the first line of defence the body implicates when a pathogen invades the body; in many cases, the innate immune response completely handles the invasion before it causes any major effect.

"If you're deficient in vitamin D, that does have an impact on your susceptibility to infection. I would not mind recommending, and I do it myself, taking vitamin D supplements," says Dr. Anthony Fauci, Director, National Institute of Allergy and Infectious Diseases.

Vitamin D: One vitamin, multiple health benefits



## Vitamin D: Established vs emerging health benefits

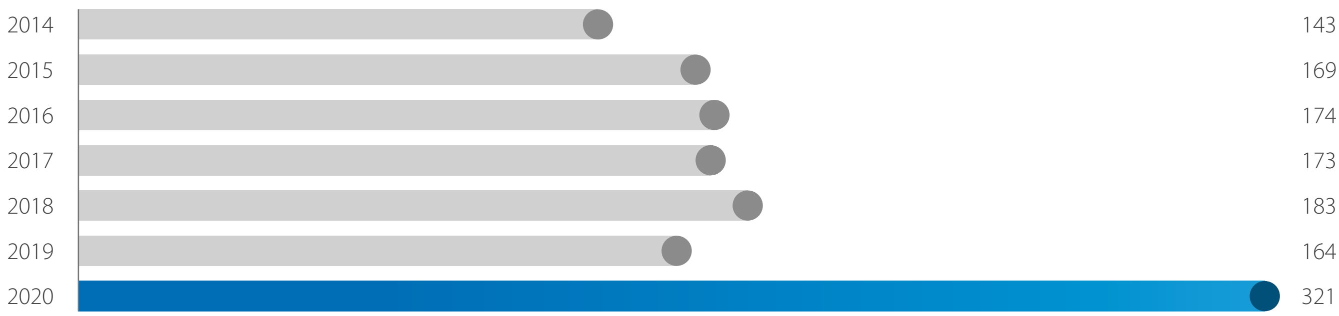
**91,000+**
Studies on Vitamin D in PubMed*

**66,000+**
Studies on Vitamin D in humans#

**7,000+**
Clinical studies of Vitamin D in humans

| | |
|---|---|
| Bone health | **27,000+** studies |
| Cancer | **12,000+** studies |
| Diabetes | **7,000+** studies |
| Kidney disease | **9,000+** studies |
| Obesity | **4,000+** studies |
| High blood pressure | **3,000+** studies |
| Mental health | **800+** studies |
| Chronic pain | **500+** studies |

## Number of research articles on Vitamin D & Respiratory Health*




*Inclusive of all clinical trials, experimental studies and review articles
#Includes studies on human cell lines and humans

## Strengths

**Pioneering**: The Company pioneered the use of proprietary technology to manufacture Vitamin D3 in India (the only manufacturer), resulting in economies of scale.

**Recognition**: Recognised in the global markets as a reliable manufacturer of Vitamin D3.

**Expertise**: The Company is engaged in manufacturing Vitamin D3 for more than five decades with a base of more than 300 customers.

**One-stop shop**: The Company manufactures Vitamin D3 for various applications (human and animal healthcare).

**Globally accredited**: The Company's manufacturing facilities (Kullu and Dahej) are benchmarked with the best global standards, backed by dedicated professionals and accreditations from a large number of global regulatory agencies.

## Highlights, FY 2020-21

The Company has integrated its value chain backwards to become one of the few sustainable suppliers of Vitamin D globally.

The Company filed three new patents

The Company strengthened its relationships with key customers globally, entrenching itself firmly in the Vitamin D space.

## Outlook, FY 2020-21

Going forward, the Company intends to create a robust portfolio comprising value-added vitamins, minerals and nutritional substances. The Company will focus on fulfilling customer needs efficiently through the capacity expansion, strengthening its positioning as a reliable supplier of Vitamin D3. The Company expects to continuous improvement in the existing process to increase the yield, ensuring higher productivity and cost-effectiveness.

Business segment

# Biotechnology

1%
Share of overall revenues, FY 2020-21

## Overview

Fermenta delivers specialised technologies through its enzyme portfolio across the bio-pharmaceutical product life-cycle.

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

Legacy of innovation in enzymes: Fermenta is a pioneer in the development and production of fermentation-based Penicillin G Amidase enzyme (PGA) and commercialised immobilised enzymes in India. FBL also introduced biocatalytic applications of PGA for intermediate synthesis and developed a robust network of enzymatic production of amoxicillin and ampicillin derivatives in India.

Scaling green chemistry: Fermenta introduced processes that replaced hazardous chemical reactions with enzymatic routes. When green chemistry was in a nascent stage in India, FBL developed Penicillin acylase enzyme to maximise recyclability, changing the economics of the antibiotics market.

The Company's enzyme technologies enable new and eco-friendly manufacturing practices, addressing the needs of various sectors like pharmaceutical, chemicals, bio- plastics and cosmetics, food and fragrances, and biodiesel, among others.

## Strengths

**Pioneers in industrial enzyme**: Fermenta pioneered the hydrolytic and synthetic versions of Penicillin amidase enzyme.

**Spearheading immobilisation platform**: Fermenta developed a library of polymer support (DILBEADS) customised for the immobilisation of different enzymes.

**Changing economics of antibiotic market**: Fermenta developed the antibiotic synthesis process using Penicillin acylase enzyme to achieve maximum recyclability when green chemistry was in a nascent stage in India.

**Maximising efficiency**: Fermenta enhanced the fermentation process related to improvements in enzyme activity.

**Sharing know-how**: Fermenta shared knowledge with customers on maintenance, optimum use of immobilised enzymes and reactor design to scale the enzymatic process.

**Scaling green chemistry**: Fermenta introduced enzymatic synthesis process of biodiesel from various used cooking oils.

## Platform competitive advantages

**Suitability**: Applications across industries from APIs, food ingredients and fragrances, oleo to biodiesel synthesis

**Safety**: Expressed in industrially suitable GRAS strain

**Specificity**: Specific action on substrate, depending on the application

**Selectivity**: Possessing properties of chiral selectivity

**Sustainability**: Patented epoxy support DIL beads allows immobilised enzyme to be reused

**Stability**: Long-term stability of immobilised enzyme

## Highlights, FY 2020-21

The Company modified the product portfolio for new applications to provide customised solutions to customers to establish long-term strategic partnerships.

The Company is working closely with key customers by offering enhanced technical support on the biotech portfolio to strengthen its position in the Indian market.

Fermenta developed and filed patent application(s) for enzymatic synthesis of Molnupiravir, an orally-active COVID-19 drug.

## Outlook, FY 2021-22

With increased government focus on self-reliance, the Company is optimistic about integrated biotechnology solutions. Fermenta offers enzyme platforms for antibiotic synthesis (amoxicillin and cephalosporin derivatives), and there is a greater potential for collaboration with domestic anti-infectives manufacturers. The Company aims to identify, validate, patent and commercialise enzyme-based technologies for green manufacturing. Fermenta intends to become a sustainable and reliable source of enzymes for Indian pharmaceutical manufacturers.

Fermenta is also actively working towards promoting CAL B lipase in niche applications which can revolutionise various critical API processes.

The Company is working closely with key customers by offering enhanced technical support on the biotech portfolio to further strengthen its position in the Indian market.

## Media articles on Fermenta

### Leveraging green chemistry for enzymatic synthesis of Molnupiravir, a COVID-19 drug

Molnupiravir, originally developed for the treatment of influenza, is 'orally active' unlike other potential options of treatment for COVID-19. Studies for testing the efficacy of Molnupiravir in the treatment of COVID-19 are underway worldwide. The primary efficacy objective in the treatment of COVID-19 was a reduction in time to viral negativity, which has important public health implications for the control of the pandemic's spread globally. Emerging data from studies shows promising results on this parameter even as additional studies are underway to supplement these results.

### Fermenta developed novel and cost-effective drug

Fermenta says it has developed a novel and more cost-effective way of producing Molnupiravir. Such developments are most welcome and deserve encouragement by the government.

(Excerpts from: ET Editorials April 20, 2021)

### FBL develops and files a patent application for an orally active COVID-19 drug

This novel technology, using green chemistry, provides a sustainable, efficient and scalable form of treatment to fight COVID-19.

Fermenta has successfully developed and filed patent application(s) for novel biocatalytic technology of manufacturing Molnupiravir.

The patented enzymatic route of synthesis possesses the technological advantage of being efficient and environment-friendly, with higher yields and lower solvent use as compared to existing reported manufacturing processes. Biocatalysis is defined as the use of natural substances that include enzymes from biological sources or whole cells to speed up chemical reactions. FBL has also optimised these enzymatic steps to achieve a commercially viable technology and believes this process will be substantially cost-effective vis-à-vis chemical synthesis currently followed. Developed by FBL's R&D team by utilising its proprietary CAL B Lipase, immobilised enzyme platform allows for a cost-effective biocatalysis, which may create a highly affordable therapeutic alternative for the fight against COVID-19.

Mr. Prashant Nagre commented, "At a time when COVID-19 treatment is the need of the hour, we are proud to have developed multiple path breaking routes to synthesise Molnupiravir in a short span of time. FBL is now looking forward to engaging with industries and other agencies to be able to contribute in the best manner possible for making this product widely available, subject to clinical trials and approvals."

(Excerpts from: Live Mint 19 April 2021)


250 ml

Business segment

# Other ingredients

7%
Share of overall revenues, FY 2020-21

# 1. Niche APIs

## Overview

Fermenta has been engaged in the manufacture of specialty APIs and biocatalysts for seven decades. The Company's core strength lies in harnessing cutting-edge technologies to manufacture quality APIs. The Company produces Phenyramidol Hydrochloride and Silicon powder (Activated Dimethicone Powder) for global customers.

Phenyramidol Hydrochloride is a potent muscle relaxant with analgesic effects. The Company is respected for its ability to optimise synthetic routes for pharmaceutical compounds.

## Strengths

**Leadership**: The Company is a leading global Phenyramidol supplier.

**Quality-conscious**: The Company is respected for compliance with GMP norms that translate into enhanced quality and consistency (products, processes and services).

**Growth-oriented**: The Company continues to manufacture Phenyramidol and silicon powder at high purity. It pioneered the revival of Phenyramidol hydrochloride as an API, successfully marketed in Turkey and India.

## Highlights, FY 2020-21

Produced APIs (Phenyramidol and silicon powder) for a contractual customer

## Outlook, FY 2021-22

The pharmaceuticals business appears promising in view of a steady rise in the incidence of lower back, neck and shoulder pain due to the excessive time spent on electronic devices. The Company intends to improve processes and achieve superior yields.

# 2. Natural Astaxanthin

## Overview

Atacama Bio Natural Products S.A. is a private biotechnology corporation based in Chile that cultures *Haematococcus pluvialis* to extract Natural Algae Astaxanthin Association (NAXA) verified Astaxanthin, the most potent antioxidant for healthy ingredients and supplements. Natural astaxanthin is a powerful ingredient that can be entitled as a harbinger of health.

Fermenta is the exclusive distributor of Atacama Bio Natural Product's NatAxtin® product range for the Indian subcontinent.

The collaboration combines Atacama Bio's strength of manufacturing high quality natural astaxanthin as well as Fermenta's robust distribution network and market expertise. It includes Atacama Bio's branded natural astaxanthin NatAxtin® range of variants for human nutrition applications along with its aquaculture focused natural astaxanthin – Red Meal.

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## Highlights, FY 2020-21

- Collaborated with Atacama Bio Natural Products S.A., a private biotechnology corporation based in Chile, that cultures *Haematococcus pluvialis* to extract NAXA verified Astaxanthin to become an exclusive distributor of that company's product range for the Indian subcontinent.
- Leveraged its existing distribution forte of Vitamin D3 for supplying natural astaxanthin to manufacturers of fortified foods and beverages as well as dietary supplements. Its dedicated business development team advises consumers on the optimum solutions from the product range for their specific needs.

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## Outlook, FY 2021-22

Atacama Bio's competitive advantage lies in the high-quality natural astaxanthin that it manufactures in the pristine environment of Chile, which is, as the tagline of NatAxtin® suggests, 'Made as Nature Intended'. Sustainability remains a key focal point of Atacama Bio, with its scalable production process that makes use of high-intensity sunlight as well as natural water sourced from the Andes mountain range.

# 3. Fish Oil Cholesterol

## Overview

The following need gaps exist that serve as an opportunity for Fermenta:

**Inability of shrimps to synthesise cholesterol**: Shrimps are incapable of de novo sterol biosynthesis. It is believed that shrimp rely on a dietary source of cholesterol

**Cholesterol imbalance hampers shrimp development**: Imbalance of sterol, particularly cholesterol, can severely reduce growth rates, moulting frequency and survivals

**Cholesterol, a vital molecule for shrimp health**: Cholesterol is required for synthesis of moulting and sex hormones, bile acids as well as Vitamin D, and is a building block for shrimp tissues

## Highlights, FY 2020-21

Fermenta's fish oil derived cholesterol, Fermsterol® has the following USPs:

- Sourced from fish body oil
- Cholesterol content 91%
- Free-flowing and easily mixable

Business segment

# Environmental Solutions

**1%**
Share of overall revenues, FY 2020-21

## Overview

Fermenta offers integrated biotech and engineering-based solutions that addresses national environmental priorities related to waste water management and treatment. The Company focused on clientele from private institutions (commercial and residential developers, hotels, resorts and dairies) by providing a blend of biotechnology and engineering solutions addressing sewage and effluent treatment.

The Company altered its strategy to focus on OEM sales of Fermsept® by bagging annual maintenance contracts for wastewater treatment plants. The Company is equipped to build Sewage Treatment Plants (STPs) on various other technologies like Moving Bed Bio-film Reactor (MBBR), Sequential Batch Reactor (SBR), etc.

During the year under review, the business was affected by the pandemic-induced lockdown since the civil work at the sites halted due to unavailability of labour and imposition of stringent laws.

## Strengths

**Team**: The Company's team comprises experienced professionals with deep domain knowledge in designing, engineering, procurement and execution of the projects.

**Capability**: The Company's environment segment is respected for its ability to explore and execute environmental projects of varying magnitudes and natures. The Company builds new STPs and provides maintenance services for existing one as well.

**Eco-friendly**: Fermenta's proprietary product Fermsept® is an environment-friendly alternative to existing products.

**Validated**: The Company's proprietary product Fermsept® proved successful in municipal STP applications, translating into superior plant performance, lower power consumption and reduced expenditure.

**One-stop**: The Company is capable of designing, monitoring, planning and managing projects.

**Quality focus**: The team provides assured outlet quality that can be re-used for non-potable functions.

## Highlights, FY 2020-21

The Company acquired orders from reputed clients.

The Company completed an EPC project of 275 KLD STP in Bangalore for an international school. This project was handled by the local team in Bangalore with online/video support from the corporate office team during the pandemic.

The Company showcased presentations and communicated with potential customers online.

The Company received EPC orders for design, supply, erection and commissioning of a sewage treatment plants across the country. The Company collaborated with KLARO, a German technology provider, to provide state-of-art package sewage treatment plants with latest SBR process confirming to regulatory standards and reduction of power consumption.

The Company engaged in business development with Mechanical, Electrical and Plumbing (MEP) consultants, architects and developers for sewage treatment plant solutions.

The Company organised training sessions with hospitality brands for Sewage Treatment Plant (STP) and Water Treatment Plant (WTP) operations for engineers.

## Outlook, FY 2021-22

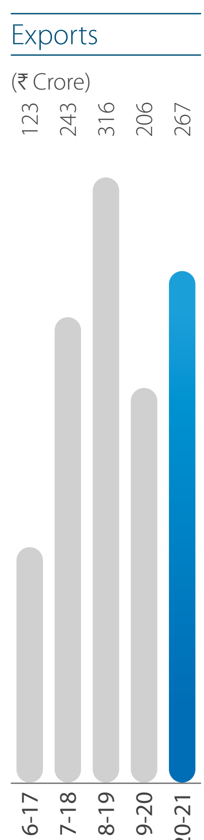
The Company intends to enter the industrial segment, widening its addressable market.

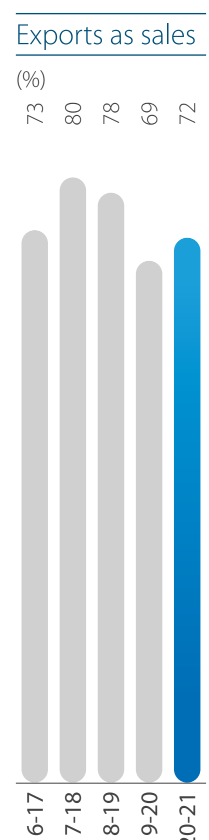
The Environmental Solutions business division works on a diversified range of Environmental projects of industry, retail sector and private sector including, but not limited to, developers, hotels and public sector units. The division offers Environmental Consultancy, plant design, EPC, operation & maintenance, Biotech products and engineering solutions for existing and new sewage/water treatment plants.

Business functions

# Marketing

The Company's performance continued to grow across various business divisions by making efforts to retain the existing customer base and add new accounts. The coordination between the sales and marketing teams enables Fermenta to foray into new territories, leading to geographical expansion. The implementation and effective use of a CRM platform (Salesforce.com) across the business unit enhanced productivity, leading to better customer service. A diversified mix of contractual business, retention of Key Accounts, combined with the addition of new customers across territories and segments, will ensure consistent volumes growth.




## Highlights, FY 2020-21

**Vitamin D webinar**: Fermenta conceptualised a webinar called "Vitamin D: 360 degrees". This webinar provides a holistic overview of the sunshine vitamin, based on demand prospects to strategies for eliminating Vitamin D's widespread deficiency.

**IFAT India Online**: Our Environmental Solutions team participated in IFAT India Online, where the team had a stall with our German partners KLARO; we conducted joint technical sessions with KLARO.

**Annual Nutrition Summit**: Our upcoming nutritional portfolio was showcased in the Annual Nutrition Summit where our team put up an e-booth and attended the conference where key opinion leaders shared views on emerging trends in the area of nutrition.

**Launch of the renewed website**: Following our merger, the launch of our revamped website ensured that the new website contained up to date information on the Company's history, business and associations, a one-stop repository.

**Activation of social media accounts**: Fermenta took a decision to activate its social media handles to open a new channel of communication for stakeholders in light of the shift towards digital platforms.

Business functions

# Manufacturing

## Highlights, FY 2020-21

- Achieved production targets, moderated costs, maintained environment integrity and employee / asset safety
- Conducted employee training in quality assurance and control
- Commenced cholesterol manufacturing
- Improved product quality, cost-effectiveness and capacity
- Increased capacity and output of Vitamin D3
- Strengthened safety through advanced training sessions
- Cleared all audits without any adverse observations
- Enhanced enzymes portfolio productivity
- Invested in advanced safety technologies, eliminating major incidents
- Installed and commissioned technologies like Multiple Effect Evaporator (MEE) and Reverse Osmosis (RO) for zero waste discharge

Business functions

# Supply chain management

## Highlights, FY 2020-21

- Despite the lockdown, the Company cleared consignments at customs and delivered to factories
- Registered with Export Promotion Councils including FIEO, enabling it to stay updated with new developments with respect to customs, banks, RBI and GST, among others
- Exported products to remote global locations on the back of supportive logistics partners and systematic planning
- Exported substantial quantities of Fermsterol® to global customers, generating repeat orders.
- Increased export volumes of Vitamin D3
- Implemented micro-planning to visualise, track and mitigate supply chain risks
- Implemented risk mitigation measures through long-term partnerships with key vendors, diversifying the supplier base
- Focused on business continuity planning, continuous improvements, de-risking and supply chain strengthening
- Implemented operational efficiencies in planning, procurement and logistics

## Outlook, FY 2021-22

The Company plans to digitise its supply chain, enhancing traceability, transparency and transportability in export shipments using technology, so that a customer can track shipments in real-time.

### Raw material procurement as a percentage of revenues (%)

| FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|---|---|---|---|---|
| 41 | 26 | 23 | 27 | 33 |

Business functions

# Human capital


## Key initiatives, FY 2020-21

**Talent acquisition**: The Company inducted 142 professionals in the areas of finance, manufacturing, quality, business development, procurement, and research and environment management and nutraceuticals.

**Collaboration**: The Company collaborated with premier technical institutes to provide internships to Engineering and Management graduates.

**SAP Success Factors**: The Company transitioned to an automated compensation and benefits system on SAP Success Factors in 2019; it conducted its first virtual evaluation on timely basis this year.

**Learning culture**: The Company extended its collaboration with UL Compliance Wire, subscribing to additional libraries focusing on courses pertaining to data integrity and dietary supplements. The Company conducted more than 600 technical trainings sessions through an online platform.

**Development**: The Company nominated employees for technical conferences and certification programmes to enhance technical skills; undertook team-building programmes and outbound exercises; sent employees to seminars and technical conferences, developed training facilities and organised regular employee meets.

**Team Guru**: The Company started this initiative to facilitate information sharing across the Quality Control and Production teams.

**Training**: The EHS team conducted a safety induction session on risk mitigation and incident reporting procedures. A training on Prevention of Sexual Harassment (POSH) was conducted for employees.

**Programmes**: Continued collaborations with Thomas International were arranged for employee development programmes (team building, team leadership and managerial effectiveness) at the mid-management level.

**Recognition**: Received Great Place to Work® certification for the second consecutive year.

**Retention**: Achieved 87% retention rate.

# Awards and recognition


**Only Indian finalist at CPhI Pharma Awards 2020**: Fermenta was the only company from India that was recognised on the global platform of CPhI Pharma Awards 2020, as a Finalist in the category: Excellence in API Development, for its sustainability efforts that has propelled the Company into a niche group of Vitamin D manufacturers that are completely backward integrated.

**CEO of the Year**: Mr. Prashant Nagre was the only Indian finalist shortlisted in the category of CEO of the Year at the CPhI Pharma Awards 2020, an international event attended by global dignitaries. This was a testament to his leadership that drove the Company's performance but contributed towards the industry and community.

**EcoVadis Silver Medal**: EcoVadis assessment methodology assessed the quality of a company's sustainability management system through policies, actions and results. Fermenta cleared this CSR assessment, receiving a silver medal, indicating that it was amongst the top 25% of rated companies.

**Great Place to Work® certified for FY 2020-21**: Every year, more than 10,000 organisations from over 60 countries partner Great Place to Work® Institute for assessment, benchmarking and planning actions to strengthen their workplace culture. Great Place to Work® Institute's methodology is recognised as rigorous as well as objective and is considered as the gold standard for defining great workplaces across business, academia and government organisations.

Great Place To Work® Certified APR 2020–MAR 2021 INDIA

After a survey of all employees across locations, as well as an extensive review of our systems and processes, Fermenta achieved this milestone for the second year in a row. Fermenta bettered its score in the Trust Index© survey.

The recognition is a reflection of the High-Trust High-Performance Culture™ of Fermenta, and our employees' perception of our organisation as an engaging and empowering workplace.

## Media coverage

- Authored article on micronutrients and immunity published in CEO Insights India: https://bit.ly/3ihaVVi
- Views on crisis leadership featured by the Economic Times India Leadership Council: https://bit.ly/3A43t6i
- Interview with Pharma Bio World on the impact of COVID-19 on the industry: https://bit.ly/2WH2F8N
- Video on the importance of nutrition for immunity in association with Informa Markets: https://youtu.be/sca9nehZMTM

# The Health, Safety and Environment (HSE) culture at Fermenta

## Overview

There is a growing respect for environmentally sustainable practices that reduce resource depletion, water scarcity, pollution and harmful impacts.

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

Fermenta practices a culture of communication, collaboration and customer service; the three C's driving a safety culture. The Company's EHS team is conscious of responsibilities towards health, safety and environment management and is in the process of fortifying resources. A policy on occupational health, safety and environment is already in place.

During the year, both manufacturing units complied with EMS 14001 and ISO 45001 standards. Single IMS (Integrated Management System) figured as the foundation of the overall health, safety, and environment framework. Cross audits and external EHS and ISO audits were carried out to check compliances and deviations.

The Company's commitment to improvement was demonstrated in its Plan-Do-Check-Act (PDCA) management system, which provided a framework of policies, processes and procedures. It helped provide a structure of how people, information and technology could be integrated, resulting in unique learning experiences.

A comprehensive EHS performance scorecard was deployed and monitored each month. Regular cross-functional quarterly EHS meets were conducted across manufacturing units and R&D lab with the agenda to conserve natural resources, reduce electricity consumption, industrial effluents, water conservation, air emissions, waste generation and disposal.

## Objectives

- Provide a safe workplace.
- Ensure a process of compliance.
- Minimise future potential liabilities.

## Values

- Use time efficiently.
- Be a resource for new ideas.
- Establish state-of-the-art safety and environmental protocols and procedures.

## EHS mottos

- Zero Recordable & Medical Treatment (MTA) rate
- Strive Towards Excellence.

## Achievements

The internal audits conducted for ISO14001 and ISO45001 certification confirmed the absence of major systemic weaknesses concerning system conformity or compliance.

Both manufacturing facilities were awarded COVID-19 WASH (Workplace Assessment for Safety and Hygiene) certification by the Quality Council of India.

Both plants were certified for ISO 14001: 2015 (Environment Management Systems) and ISO 45001:2018 (Occupational, Health and Safety), newly introduced standard for Occupational Health & Safety Management system.


## Environment

The Company's dedicated team addresses environment activities, backed by environment permits and compliances. The team owns responsibility for the oversight of environmental clearance, consent to establish, consent to operate, air monitoring, environmental assessments at sites, collection and disposal of hazardous materials/wastes from facilities, and operation of the effluent treatment plant and multiple effect evaporator (MEE).

The conservation of finite resources coupled with reduction in harmful emissions, sustainable management across the value chain and through the products life cycle is core to the Company's philosophy. The EHS department (with cross-functional departments) is committed to implement the best technology and management programmes across energy and water conservation, minimised air emissions, rainwater harvesting and solid waste recycling.

The Kullu unit possesses a zero liquid discharge system, minimal use of petroleum products and low air emissions. The manufacturing unit reduced raw water consumption, generation of effluents, solid waste, hazardous waste and reduction in greenhouse gas emissions. Both manufacturing units are monitored online for EHS-related legal-statutory requirements laid by the Government.

## Health and safety

At Fermenta, health and safety are accorded overriding priorities. The Company ensures that the manufacturing units and R&D laboratory environments are conducive for good health and wellbeing by recognising, evaluating and controlling health and safety hazards, using its knowledge in industrial hygiene, asbestos management, air and water quality and safety engineering. The Company assesses potential safety hazards, possible instances of exposure and formulates a mitigation plan.

The Company installed cutting-edge fire and smoke detection technologies at the Dahej and Kullu units as well as the R&D laboratory to trigger timely alarms in the case of fire incidents. To mitigate incidents, all units are staffed with dedicated and trained firefighting team members.

As per the new requirement and implementation of ISO 45001, hazard identification and risk assessment revision and actions were carried out. The EHS team intensified training and workshops, recording workplace hazards, conducting scheduled fire-safety audits (in-house), strict adherence to the Work Permit System and daily toolbox talks, among others. The Company interacted with employees and workers through Safety Committee Meetings; fire-safety drills, safety week celebration and safety training were conducted.

The continuous monitoring and safety audits empowered the Company to emerge as a zero-accident organisation. All feedback was evaluated by the respective EHS leaders. The manufacturing units and R&D lab identified scenario-based emergency preparedness to counter specific emergencies. The Company organised mock tests and drills to ensure that emergency response team members were prepared to respond.

## Key initiatives, FY 2020-21

The Company increased reporting firstaid incidents and near-miss incidents. This initiative helped decrease 60% first-aid injury reports and 100% increase in incident reporting.

The Company's robust business continuity plan minimised the pandemic's impact. The availability of safety stock sustained manufacturing production during the lockdown.

The Company sustained a healthy workplace environment (from the transportation facility to shop-floor hygiene and canteen facilities). The Company implemented site-specific safety SOPs and policies. The Company intensified health and safety training, awareness communication and provision of PPE stocks and disinfection solutions

The Company conducted safety audits across plants and R&D lab; it conducted mock drill exercises across plants to enhance responsiveness; it installed a clean agent fire suppression system linked to the fire alarm for prompt alerts in case of flammable solvent leakage or nitrogen purging in the highly flammable solvent storage tanks; it installed illuminated windsocks, introduced reflective jacket in the construction area and provided first-aid and health awareness training; it executed medical surveillance plans and periodic medical checks.

In line with COVID-19, the Company revisited employee health insurance coverage for appropriate preventive screenings. It conducted regular audits of operational units by cross-functional teams, global customers, regulators and external third-party auditors.

The Company virtually conducted TICA - The Injection for Covid: Awareness sessions by a medical expert for all employees.

The Company conducted COVID-19 Awareness Week: Follow SMS & Stay Safe, a campaign to increase safety awareness.

The Company periodically conducted various workshops/ training viz., EHS refresher training, behaviourial training, near-miss identification and reporting training, risk assessment training, H&S Systems etc., for the employees based on identified needs. The Company provided training to workmen and staff.

## Key performance indicators

Statistics for R&D laboratory, Dahej and Kullu

| Year | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Occupational accidents / First aid injury | 09 | 12 | 07 | 05 | 03 |
| Loss time injury / Medical treatment injury | 00 | 00 | 00 | 00 | 00 |
| Frequency rate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Severity rate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Occupational accidents / First aid injury: Those resulting in work time loss.
Loss time injury: An injury causing disablement extending beyond the day of shift on which the accident occurred.
Frequency rate: Frequency of accidents, the number of employees killed or injured in occupational accidents per one Million total working hours

Severity rate: Severity of accidents, the number of workdays lost due to occupational accidents per one thousand total working hours

## EHS system-enabled for COVID-19

The Company formed a two-tiered COVID -19 taskforce – Corporate Core/apex team and Site-specific cross-functional core team - to ensure a consistent two-way communication across units.

In compliance with the directions issued by the government, a comprehensive EHS system (COVID -19 Sanitisation and Mitigation), comprising the policies, procedures and work instructions, was prepared.

The Company organised a training session on 'Novel Coronavirus (COVID-19) Risk Mitigation'. The session covered with the recommendations developed by the World Health Organisation (WHO) as well as the precautions to be taken to minimise risk from COVID -19.

The EHS team, independent of line functions, provided an insight on safety, operating exposures and issues; it standardised EHS guidelines across manufacturing sites, ensuring compliance with local regulations and best-in-class industry safety standards.

To ensure focused delivery on EHS activities, Aspect Impact and HIRA (Hazard Identification and Risk Assessment) review was carried out for various activities, which enabled the Company to identify controllable/uncontrollable and normal/abnormal/emergency scenarios. The Company took all necessary precautions for ensuring the health and safety of its employees across locations.

# Corporate social responsibility

## Overview

As a responsible corporate citizen, Fermenta transforms lives for the better - 'learn from the community', 'plan with the community' and 'work with the community'. Fermenta's CSR activities have been traditionally driven by a moral obligation and philanthropic spirit, emerging as an integral part of the business.

During the pandemic, the Company was actively engaged in making a difference by addressing the less privileged with services that enhanced societal prosperity and economic wellbeing.

The Company's CSR engagement was driven through specific imperatives – programmes aligned with national and regional needs, focused engagement in select spaces marked by under-investment, partnerships with like-minded partners and advancing model community development centres across a multi-state footprint.

## Commitment, FY 2020-21

During the financial year under review, the Company allocated ₹210 Lakh for CSR initiatives across education, health and sanitation, backward society development, hunger eradication, animal welfare, environmental protection and promotion of traditional arts and culture.

# Initiatives, FY 2020-21

## Donated Vitamin D to Maharashtra police force

Our essential services personnel, including the police force, continue to work around the clock in their massive efforts to keep people safe. To protect the immune system, Fermenta and Indchemie Health Specialities Private Limited supplied Vitamin D to 2.5 Lakh Maharashtra Police force as a part of the 'Help Protect Our Protectors' initiative. The 'Help Protect Our Protectors' initiative is an endeavour to contribute towards the protection of those who work tirelessly for protecting the citizens of the country. It is aimed at strengthening the immunity of the police force.

## Distributed food packets

During the pandemic, the team from the Dahej manufacturing facility distributed food packets amongst the labour colony in Dahej and amongst the locals at Lakhigaon.

## Tata Memorial Hospital

Fermenta has contributed towards quality cancer care to patients of Tata Memorial Centre.

## Continued association with the National Association for the Blind, India (NAB)

Fermenta extended the association with the National Association for the Blind (NAB) to support visually impaired individuals from the weaker sections of the society. NAB identified 1,500 such people across pan-India accountability by verifying bank details, identification and visual impairment of the beneficiaries. The Company continued its support towards the NAB DVK Music Academy thereby supporting young musical talent.

## Donated whey protein to Gujarat police force

Our team at the Dahej manufacturing facility contributed whey protein to more than 1,500 Gujarat police personnel, helping them maintain their health during the pandemic.

## Paraplegic Rehabilitation Centre, Pune

Fermenta has donated wheelchairs for enhancing the mobility of veterans retired due to spinal cord injuries from the armed forces.

## Nurture Nature, a joint initiative of FBL and SGNP

Fermenta signed a Memorandum of Understanding with Sanjay Gandhi National Park (SGNP), Borivali, Mumbai with the objective of ensuring environmental sustainability, protection of flora and fauna, animal welfare, conservation of natural resources and other related activities. As part of the Nurture Nature program, the Company would contribute towards infrastructure for maintaining wildlife diversity and forest conservation, requirements for the staff. The Company also adopted a female leopard cub.

# Management discussion and analysis

## Global economic overview

The global economy reported de-growth of 3.3% in 2020 compared to a growth of 2.9% in 2019, the sharpest contraction since World War II. This steep decline in global economic growth was largely due to the outbreak of the novel coronavirus and the consequent suspension of economic activities across the world.

## Performance of some major economies

**United States**: The country witnessed a GDP de-growth of 3.4% in 2020 compared to a growth of 2.3% in 2019.

**China**: The country's Gross Domestic Product grew 2.3% in 2020 compared to 6.1% in 2019 despite being the epicentre of the outbreak of the novel coronavirus.

**United Kingdom**: Britain's GDP shrank 9.9% in 2020 compared to 1.4% growth in 2019, 2x the annual contraction recorded in the aftermath of the global meltdown in 2009.

**Japan**: Japan witnessed a contraction of 4.8% in 2020, the first instance of a contraction since 2009. (Source: CNN, IMF, Economic Times, trading economics, Statista, CNBC)

The global economy is projected to grow by 6% in 2021 largely due to the successful roll-out of vaccines across the globe, coupled with policy support in large economies. (Source: IMF)

## Indian economic review

The Indian economy passed through one of the volatile periods in living memory in FY 2020-21.

The Indian government announced a complete lockdown in public movement and economic activity from the fourth week of March 2020. As economic activity came to a grinding halt, the lockdown had a devastating impact on an already-slowing economy as 1.38 Billion Indians were required to stay indoors - one of the most stringent lockdowns enforced in the world.

The Indian economy de-grew 23.9% in the first quarter of FY 2020-21, the sharpest de-growth experienced by the country since the index was prepared. India's relief consumption, following the lifting of social distancing controls, translated into a full-blown economic recovery.

The result is that India's GDP contracted 7.3% during FY 2020-21, largely on account of the sharp depreciation of the first two quarters.

## Y-o-Y growth of the Indian economy

| | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|---|---|---|---|---|
| Real GDP growth (%) | 7 | 6.1 | 4.2 | (7.3) |

(Source: Economic Times, IMF, EIU, Business Standard, McKinsey)

## Outlook

The Indian economy is projected to grow in the high single-digit percentages in FY 2021-22 as per institutional estimates, a reduction caused by the second surge of the pandemic.

## Global pharmaceuticals industry overview

The global pharmaceutical industry was anticipated to contract in 2020 to a market size of USD 1,209.6 Billion, de-growing 0.6% compared to a size of USD 1,217.1 Billion in 2019. The de-growth was due to the lockdown and social distancing norms imposed by several countries along with the economic slowdown arising out of the COVID-19 outbreak and the measures undertaken to overpower it. The market is expected to recover to USD 1,738.2 Billion by 2023, growing at a CAGR of 8.5%.

The United States is the country leading in this market, with most top pharma companies headquartered in that country. With China gaining traction, annual growth rates of emerging pharma markets have increased. Almost 20% of these companies' sales revenue are invested in R&D, catalying new product development.

(Source: Statista, the business research company)

## Global API industry overview

The global pharmaceuticals market was valued at USD 135.4 Billion in 2020 and projected to increase at a CAGR of 5.1% to USD 173.3 Billion by 2025. This increase is accredited to advancements in the manufacture of active pharmaceutical ingredients (API), rise in chronic diseases and favourable government initiatives.

North America is the largest market, accounting for 39.5% of revenues. APIs accounted for 59.87% of overall revenues. Owing to the easy availability of raw materials and major investments by the big players, it is expected to grow faster. Moreover, big companies are seeking to leverage their production capabilities in Asian countries in an attempt to provide APIs to other drug makers. With India and China seeking to reduce their manufacturing costs, the top pharmaceutical companies look to gain by outsourcing manufacturing to these countries.

The synthetic API segment accounted for the largest revenue share of its type with 72.89% in 2020. The major growth drivers comprised a higher availability of raw materials and easier protocols for the synthesis of these molecules in comparison with the biotech segment. The biotech segment, on the other hand, is expected to rise at the fastest CAGR of 7.8% by the end of 2028. This segment is driven by high investments in the biotechnology and biopharmaceutical sectors, which facilitates the innovation of new molecules that aid the treatment of diseases.

(Source: Grand view research, prnewswire.com)

## Global nutraceuticals industry overview

Nutraceuticals are products derived from herbal commodities, vitamins, minerals and nutritional substances that are consumed for physiological and immunity benefits. They have few side effects and activate natural healing by strengthening the immune system.

The global nutraceuticals market was valued at USD 412.7 Billion in 2020 and expected to reach USD 722.5 Billion by 2027, with 8.3% CAGR growth. Widely used for their medicinal properties and remedies, numerous people have been attracted to herbal supplements. These natural non-food and non-pharmaceutical supplements are derived from plant resources.

(Source: Business wire, grandviewresearch.com)

## Global enzymes industry overview

Industrial enzymes have been used in the food processing sector for long and are still used in food industries to provide quality products with increased efficiency. They provide eco-friendly products by reducing consumption in terms of energy, water and raw materials, generating less waste. Market growth in this segment could be faster than the growth of the market in detergents, biofuel and other segments.

The global enzymes market was valued at USD 8,636.8 Million in 2019 and expected to grow at a CAGR of 6.5% to USD 14,507.6 Million by 2027. This is driven mainly by the increasing demand for food enzymes, which provide anti-stale and softening properties to food and increases their shelf life. Enzymes such as protease, lipase, and carbohydrase are used extensively in meat products, bakery, dairy, and frozen foods for the maintenance of its nutritional content. Moreover, food enzymes enhance food safety, which is essential and significant in case of processed and packaged food products, and hence, increasing their demand and driving the market growth.

The global enzymes industry is expected to grow due to the agricultural enzymes market. This segment was estimated at USD 344.78 Million in 2019 and projected to reach USD 749.79 Million by 2027 whilst recording a CAGR increase of 11% between the time spanning 2020-2027. This projection is catalysed by the rising demand for organic food and increase in consumer health consciousness. Due to a substantial growth in fertiliser prices, farmers have shifted to bio-fertilisers, bio-enzymes and biopesticides; the rising need for bio-fuels, coupled with new farming procedures, cost-efficiency and higher investment in research and development, could boost the global agricultural enzymes market. The organic food segment (apple, banana and strawberries) consists of benefits like enhanced immunity, cancer prevention and inflammation decline.

(Source: Business wire, Verified market research, Allied market research)

## Indian pharmaceuticals industry overview

India's pharmaceutical industry was pegged at USD 41 Billion in 2020 and is estimated to grow to USD 65 Billion by 2024 and USD 120-130 Billion by 2030. This could be catalysed by the significant availability of raw materials and skilled workforce. Besides, India has the largest USFDA-compliant pharma plants outside USA.

With the onset of COVID-19, India has been presented with the opportunity to emerge as the 'global pharmacy'. During FY 2020-21, India's pharmaceutical exports were expected at USD 25 Billion, witnessing an impressive growth of 21.95% over USD 20.5 Billion in FY 2019-20.

(Source: Deccan Herald, ehealth.eletsonline.com)

## Indian API industry overview

The Indian government's recent incentives to enhance the domestic manufacture of active pharmaceutical ingredients and key starting materials are expected to improve backward integration and impose a restriction on the supply chain disruption mix for Indian drug makers. These incentives could address core issues of pricing competitiveness and funding; they could assist in investment decisions of the local pharma companies.

India is one of the leading suppliers of drugs in the world but depends on imports for APIs and KSMs, with China accounting for 60% of these imports. India relied excessively on pharma ingredient imports due to a high cost of domestic production with the price gap reaching 20 to 30%, especially for energy-intensive fermentation-based ingredients used in anti-infectives.

(Source: Economic Times)

## Indian nutraceuticals industry overview

The Indian nutraceuticals industry, valued at USD 4 Billion in 2017, is projected to reach a valuation of USD 18 Billion by 2025, increasing at a CAGR of 21%. Nutraceuticals have now become a viable option for health maintenance, mainly due to the availability of supply of ingredients in India and the country's ability to feed the manufacturing sector in the global value chain. Given the size of the Indian nutraceuticals industry, it is mandatory to treat it like a separate segment rather than as an add-on. Following the pandemic, the nutraceuticals market has grown and is used as an effective preventive.

India is expected to make necessary strides on the global nutraceuticals market. The number of players is increasing but with the help of a rich heritage of herbal and ayurvedic medicines, it is a matter of time that India could emerge as a leading global player.

(Source: Express Pharma)

## Indian enzymes industry overview

The Indian enzymes market is anticipated to grow attractively owing to increasing applications and use in the fermentation of milk to produce dairy products. The success of the Indian dairy industry is expected to increase the enzymes market.

The growing demand for recombinant enzymes across industries like detergents and pharmaceuticals is another market driver. The constant innovation in research and development activities to increase yield, improve enzyme specificity and stability, is expected grow the market.

The increase in use of proteases in detergents, coupled with a growing use in animal feed, are projected to drive enzymes market growth in India. Enzymes are biocatalysts that accelerate reactions and generate desired results in a biological reaction. The market faces restraints regarding issues with handling and safety of enzymes and the high sensitivity of enzymes to temperature and pH that can hamper market growth.

(Source: Globe newswire)

## Indian real estate sector overview

The size of the Indian real estate sector is estimated at USD 180 Billion in 2020, with the sector estimated to account for 13% of the country's GDP by 2025. The significant growth in retail, hospitality and commercial real estate is contributing to the required infrastructure to meet the country's increasing needs. New launches stood at 1.23 Lakh units in 2020 as against 2.36 Lakh units launched in 2019 in the top seven cities, out of which approximately 69% of the units belonged to the mid and affordable segments. The sale of houses witnessed a decline of 47% in 2020 as 1.38 Lakh homes were sold.

The NRI investment in the Indian real estate market appreciated by more than 100% from USD 5 Billion in 2014 to USD 10.2 Billion in 2018 and USD 13.3 Billion in FY 2020-21. Moreover, this number is expected to rise to USD 14.9 Billion in FY 2021-22 as non-resident Indians are actively looking for property deals available due to weakening of the Indian rupee, several Indians returning from the Middle East and low interest rates offered for housing loans. Due to discounts and deferred payment facilities offered by the developers during the pandemic, the demand of luxury homes surged as buyers found an opportunity to invest in premium properties and the developers were keen to liquidate their inventory. Moreover, the demand for residential real estate surpassed pre-Covid levels in the fourth quarter of FY 2020-21, mainly on account of a good festive Q3 FY 2020-21 and buoyant fourth quarter.

The pandemic increased the speed of digital adoption in the real estate sector, which will transform the way properties are sold in the country. The Indian real estate sector is projected to attract USD 8 Billion capital inflow by FY 2021-22 due to growing transparency, change in accounting and management systems, tax relief measures and setting up of alternative investment funds.

(Source: IBEF, Economic times, Financial express, Cushman & Wakefield)

## Growth drivers for pharmaceutical sector

**Rising population**: India's population is expected to increase from 1.38 Billion in 2020 to 1.52 Billion by 2036.

**Budget allocation**: The Union Budget 2021 provided a 200% boost to the Indian pharmaceuticals industry, which could help the nation establish itself as 'pharmacy of the world'. The Government allocated ₹124.42 Crore to the Union Department of Pharmaceuticals, which comes under the Ministry of Chemicals and Fertilisers.

**Rise in cardiovascular diseases**: India witnessed a rise of 50% in cardiovascular diseases in the last 25 years, with more than 20% deaths in 2020 accounted by heart problems.

**Research and development**: An Indian pharmaceutical company spends approximately 2-10% in its R&D, helping the pharma industry move forward.

**Low production cost**: The labour and production cost in India is 30-40% lower than most countries, resulting in the manufacture of drugs and vaccines at a lower cost compared with developed countries.

**Over-the-counter growth**: Over the counter sales of medicines have seen significant growth; since the onset of the pandemic, this growth has strengthened.

**Aging population**: India's population is expected to reach a median age of 38.1 years by 2050. This could result in a rise in cardiovascular and other diseases.

(Source: The wire, Economic Times, The Print)

### Poshan Abhiyaan

The Prime Minister's Overarching Scheme for Holistic Nutrition or POSHAN Abhiyaan or National Nutrition Mission, is Government of India's flagship programme to improve nutritional outcomes for children, pregnant women and lactating mothers. National Nutrition Mission (NNM) was approved with a three-year budget of ₹9046.17 Crore from FY 2017-18. The scheme is aiming to reduce stunting of children of 2% per annum. The scheme will also focus on reducing the low birth, undernutrition and prevalence of anaemia etc. among young children, women, and adolescent girls.

## Company's overview

Fermenta was incorporated in 1951 and has established a reputation in the areas of pharmaceuticals, enzyme technologies and environmental solutions.

The Company is engaged in the manufacture of Vitamin D3, other specialty APIs, biological enzymes and also offers integrated biotech-based environmental solutions.

The Company produces a range of Vitamin D variants: crystalline, oil, resin in oil, cold water dispersible and feed grade powder, which can be used in applications like pharmaceuticals, dietary and nutritional supplements, feed premixes, as well as food and beverage fortifications and rodenticides.

The quality and service capability of the Company has been validated by a sales footprint in more than 50 countries in addition to being a dependable supplier to more than 300 global customers. Fermenta understands the importance of its products and services in the sectors of health and hygiene, which positively improves the lives of end consumers across the world. Fermenta endeavours to provide customers (and end consumers) safe and sustainable products.

# Prospective spaces that we intend to work in

## Fortified rice kernel

Rice fortification is a cost effective, culturally appropriate strategy to address micronutrient deficiency in countries with high per capita rice consumption. Fortifying rice makes it more nutritious by adding vitamins and minerals in the post-harvest phase, many of which are lost during the milling and polishing process.

Fortified Rice Kernel (FRK) is a reconstituted rice grain made from rice flour, vitamins, and minerals using hot extrusion technology. The extrusion technology for production of fortified rice kernels (FRKs) is the technology of choice given the stability of micronutrients in the rice kernels across processing, storage, washing and cooking.

## Edible oil fortification

Oil fortification, i.e. the process of adding micronutrients to edible oil to increase its nutritional value, is expected to achieve high penetration of the Indian population due to the widespread use of cooking oil. Indians consume around 1.9 Million Tonnes of oil per month, making it an accessible commodity consumed across communities. This wide reach, along with cost-effectiveness, has made oil fortification a viable strategy to eliminate micronutrient deficiency through enhancing oil's nutritional content. All kinds of edible oils (soybean, palmolein, groundnut, cotton seed, mustard, etc.) can be fortified. At an individual level, fortified oil can help a person meet 25-30% of the recommended dietary intake for vitamins A and D, according to the Food Safety and Standards Authority of India (FSSAI).

## Milk fortification

Milk is a rich source of high quality protein, calcium and fat-soluble vitamins A and D. Vitamins A and D are lost when milk fat is removed during processing. Many countries have a mandatory provision to add back the vitamins removed as it is easily doable, called replenishment, as the nutrients lost during processing are added back. India is the largest producer of milk in the world with 146.3 Million Tonnes of production and per capita availability of 322 grams per day. The consumption of fortified milk by children in India has shown encouraging results.

# Risk management

## COVID-19 risk

Declared by WHO as a global pandemic in March 2020, COVID-19 prompted lockdown and other restrictions that affected the growth of various sectors and companies.

**Mitigation**

The pharmaceutical and nutraceutical industry benefited as more people invested in their health in a preventive way. At a corporate level, the Company put in place measures to mitigate the impact of COVID-19 on business operations through minimising disruptions as well as enforcing all necessary precautions for ensuring the safety of our employees across locations.

## Geographical risk

The Company's reliance on few geographies for revenues could affect growth in the event of a localised slowdown.

**Mitigation**

Fermenta enjoys a presence in over 50+ countries with a major portion of revenues accounted from the USA and Europe.

## Finance risk

A low availability of long-term funding at a competitive cost could affect reinvestment efficiency.

**Mitigation**

Fermenta's cash balance was ₹41.3 Crore and net debt-equity ratio was 0.45 as on March 31, FY 2020-21; average cost of funds was 7%

## Regulatory risks

Regulatory environment changes can result in operational disruption.

**Mitigation**

The Company is regularly honing the skills of its employees that are in line with regulatory developments to ensure a conformance with relevant guidelines across its plants.

## Competition risk

Increased competition could be a risk to the topline.

**Mitigation**

The Company majorly operates in the regulated markets having high entry barriers.

## Environment risk

The Company's business may affect the environment eco-system leading to probable censure or closure.

**Mitigation**

The Company monitors operations to ensure a complete compliance with applicable regulations. The Company plans to upgrade technology and equipment, conduct training programs on environment-related subjects and keep providing education on operations with high environmental impact (management of waste materials and chemical substances).

# Financial overview

## Analysis of the Profit and Loss Statement*

**Revenue**: Revenues from operations reported a 24.06% increase from ₹300.50 Crore in FY 2019-20 to reach ₹372.82 Crore in FY 2020-21. Other income of the Company accounted for a 1.74% share of the Company's revenues, reflecting the Company's dependence on its core business operations. The revenue from renting of properties was ₹16.87 Crore during the year under review.

**Expenses**: Total expenses of the Company increased by 19.2% from ₹265.27 Crore in FY 2019-20 to ₹316.21 Crore. Raw material costs, accounting for 33.16% share of the Company's revenues, increased from 27.51% in FY 2019-20. Employee expenses, accounting for a 15.42% share of the Company's revenues, increased from ₹50.03 Crore in FY 2019-20 to ₹57.49 Crore in FY 2020-21.

## Analysis of the Balance Sheet*

The capital employed by the Company increased by 15.46% from ₹424.1 Crore as on March 31, 2020 to ₹489.68 Crore as on March 31, 2021.

The net worth of the Company increased by 18.5% from ₹312.6 Crore as on March 31, 2020 to ₹370.44 Crore as on March 31, 2021 owing to our increase in reserves and surplus. The Company's equity share capital stood at 2,94,30,987 equity shares of ₹5 each as on March 31, 2021.

Long-term debt of the Company increased by 8.50% to ₹110.43 Crore as on March 31, 2021. Net debt-equity ratio of the Company stood at 0.45 in FY 2020-21 compared to 0.56 in FY 2019-20.

Finance costs of the Company decreased by 6.45% from ₹19.32 Crore in FY 2019-20 to ₹18.07 Crore in FY 2020-21 following the repayment of liabilities.

*Note: The figures are on standalone basis.

# Human resource

Fermenta's human resource practices helped reinforce market leadership. The Company invested in formal and informal training as well as on-the-job learning. It emphasised engagements with employees by providing an enriched workplace, challenging job profile and regular dialogues with the management. The Company creates leaders from within, strengthening prospects. As on March 31, 2021, the Company's employee base stood at 580. The Company was certified as a Great Place to Work® for the second consecutive year, a reflection of its engaging and inspiring work environment.

# Internal control systems

The Company has strong internal control procedures in place that are commensurate with its size and operations. The Board of Directors, responsible for the internal control system, sets the guidelines and verifies its adequacy, effectiveness and application. The Company's internal control system is designed to ensure management efficiency, measurability and verifiability, reliability of accounting and management information, compliance with all applicable laws and regulations, and the protection of the Company's assets. This is to timely identify and manage the Company's risks (operational, compliance-related, economic and financial).

This information covered in Part One to Part Four of this Annual Report shall form a part of the Management Discussion and Analysis.

# Cautionary statement

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations.

# Board's Report

Dear members

The Board of directors is pleased to present the 69th Annual Report along with the Audited financial statements for the financial year ended March 31, 2021.

## FINANCIAL HIGHLIGHTS (As per IND-AS):

(Amount ₹ in Lakh)

| Particulars | Standalone results | | Consolidated results | |
|---|---|---|---|---|
| | FY 2020-21 | FY 2019-20 | FY 2020-21 | FY 2019-20 |
| Total Revenue | 37,943.96 | 31,281.97 | 38,553.93 | 30,527.22 |
| Total Expenditure | 31,621.06 | 26,527.31 | 33,390.87 | 26,185.21 |
| **Profit before tax ('PBT')** | 6,322.90 | 4,754.66 | 5,163.06 | 4,342.01 |
| Less: Provision for tax (including deferred tax) | 1,126.05 | (1,612.37) | 910.02 | (1,610.01) |
| **Profit after tax ('PAT')** | 5,196.85 | 6,367.04 | 4,253.04 | 5,952.02 |
| Non-Controlling interest | - | - | (297.62) | (0.58) |
| Share of interest in profit/(loss) of associates | - | - | - | - |
| **Profit for the year** | 5,196.85 | 6,367.04 | 4,550.66 | 5,952.60 |
| Proposed Dividend | NIL | NIL | NIL | NIL |
| Balance in Statement of Profit and Loss account | 5,196.85 | 6,367.04 | 4,550.66 | 5,952.60 |

## RESULTS FROM OPERATIONS

In financial year 2020-21 ('FY 2020-21'), the Company on a Standalone basis earned revenue of ₹37,943.96 Lakh, compared to ₹31,281.97 Lakh in the previous financial year 2019-20 ('FY 2019-20'). In FY 2020-21, the Company reported profit after tax of ₹5,196.85 Lakh as against profit after tax of ₹6,367.04 Lakh in FY 2019-20.

On a consolidated basis, the Company recorded revenue of ₹38,553.93 Lakh, compared to ₹30,527.22 Lakh in the previous financial year 'FY 2019-20'. In FY 2020-21, the Company recorded profit after tax of ₹4,550.66 Lakh as against profit after tax of ₹5,952.02 Lakh in FY 2019-20.

## DIVIDEND

The Board of Directors is pleased to recommend an equity dividend of ₹2.50 per equity share (50%) of ₹5 each for FY 2020-21 (Previous year ₹5 per equity share of ₹5 each). The equity dividend, if approved by the Members at the 69th Annual General Meeting ('AGM'), will result in a cash outflow of ₹ 735.77 Lakh.

### Transfer to Reserves

The Board of Directors have decided to retain the entire amount of profit after tax for FY 2020-21 in the profit and loss account.

## CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for FY 2020-21 ("CFS") include financials of its subsidiaries and associate companies (collectively referred as 'Subsidiaries/ Associates') i.e. Fermenta Biotech (UK) Limited, Fermenta Biotech GmbH, Fermenta USA, LLC, Fermenta Biotech USA LLC, G.I. Biotech Private Limited, Aegean Properties Limited, CC Square Films Limited ('Subsidiaries') and Health and Wellness India Private Limited (associate company). The CFS of the Company and its Subsidiaries/ Associates are prepared in accordance with the relevant Indian Accounting Standards (Ind AS) notified under the Company (Indian Accounting Standards) rules, 2015 and other applicable provisions. CFS together with Auditors' Report thereon forms part of this Annual Report.

## SUBSIDIARY COMPANIES

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

In December 2020, Fermenta Biotech USA LLC, a wholly owned subsidiary of the Company, has acquired 52% membership interest in AGD Nutrition, LLC (now known as Fermenta USA, LLC).

The individual financial statements of the Company's Subsidiaries/

Associates have not been attached to the financial statements of the Company for FY 2020-21. The financial information of the Company's Subsidiaries/ Associates provided in this section may be read along with the information provided under the heading 'Consolidated Financial Statements' in this report. In accordance with the provisions of sub-section (3) of section 129 of the Act, read with Rule 5 and Rule 8 of the Companies (Accounts) Rules, 2014 [as amended from time to time], a separate statement containing salient features of the financial statements of Company's Subsidiaries/ Associates in Form AOC I is attached to this Board's report as Annexure I and forms part of this Board's report.

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The Company is engaged in pharmaceuticals, manufacturing and marketing APIs, biotechnology and environmental solutions and renting of properties. MD&A covering details of the business of the Company is provided on page 86 and forms part of this Board's Report.

## INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

In order to identify, analyse, and address potent risks in a systematic manner, your Company has developed and implemented risk management policy. It also maintains adequate internal control systems, commensurating to its size, nature of operations. Periodical reporting(s), compliance with applicable laws and Company's procedures are duly complied.

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

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

The Company has implemented the provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") i.e. Risk Management Committee, effective FY 2021-22.

## HUMAN RESOURCES

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

The Company had a headcount of 580 employees during the year under review.

### Employee Stock Options

During FY 2020-21, the Company has not granted any options under its 'Fermenta Biotech Limited -Employee Stock Option Plan 2019' ("ESOP 2019").

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

## PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has formulated a code on 'Redressal of Grievances Regarding Sexual Harassment' pursuant to the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder ('POSH'). The Company has also set up, 'Internal Complaints Committee' for Company's each location for redressal of grievances and to protect women against any harassment.

The Company is committed to providing a safe and conducive work environment to all its employees and associates. The Company has conducted workshops and awareness programmes against sexual harassment for its employees.

Details of complaints during the year under review.

a. number of complaints filed during the financial year : Nil

b. number of complaints disposed of during the financial year : Nil

c. number of complaints pending as on end of the financial year : Nil

## INFORMATION TECHNOLOGY

The Company continues to adopt 'Next Generation Cyber Security Architecture' that offers enhanced detection, prevention, and correction capabilities to counteract cybersecurity threats at each level of the IT ecosystem. Its threat detection tools protect and defend operations against existing and emerging cybersecurity attacks such as phishing, distributed denial-of-service (DDoS), ransomware and malwares based on machine learning and artificial intelligence. While the Company has created a foothold in getting technology ready for business, the focus on getting business ready for technology is also growing. The Company welcomes in the bimodal technology approach in strengthening the base to build a better future.

The technology team at FBL ensures that it has the futuristic technology not just for existing processes, but to also to help the Company to grow and create newer business models. While establishing technology culture in the organisation, the Company ensures that the business teams adopt the technology resources and implement changes to reexplore the business and stay ahead of the competition in digital world.

In addition, mobility solutions and support has played a key role in achieving improved deliverables, speciality in Covid situation when the nationwide lockdown is continued throughout the financial year. All employees from your Company's Corporate Office in Thane worked from their respective home without a single day interruption.

With state of the art ERP solution (SAP S4HANA), the Company is equipped to handle the transition of financial data of its recently acquired subsidiary in USA.

## DEPOSITS

In FY 2020-21, your Company has not accepted any deposits under Section 73 of the Act including rules framed thereunder. No principal or interest has remained unpaid or unclaimed as on March 31, 2021.

## CREDIT RATING

As on March 31, 2021, the Company continued to maintain its credit rating as per last year's rating i.e. CARE A- (Single A minus) with Stable outlook for Long Term Bank Facilities for fund based limits and term loan, and CARE A2 (Single A two) for Short Term Bank Facilities for non-fund based limits, and the same has been reaffirmed by the credit agency.

## DIRECTORS

### Independent Directors:

Independent Directors have made relevant declarations to the Company including confirmation(s) that the conditions of independence laid down in sub-section (6) of section 149 of the Act and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") are duly complied.

### Retirement by rotation:

Mr. Satish Varma (DIN: 00003255) retires by rotation at the 69th AGM and being eligible, offers himself for re-appointment. Brief profile of Mr. Satish Varma is provided on page no. 288 of this Annual Report.

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

Mr. Krishna Datla (DIN: 00003247) was appointed at the Annual General Meeting held on September 28, 2018 as a Managing Director of the Company for a period of three years with effect from May 9, 2018. His term, as a Managing Director, ended on May 8, 2021. The Board, subject to members' approval at the ensuing AGM, appointed Mr. Krishna Datla (DIN: 00003247) as a Whole-time Director of the Company (Key Managerial Personnel), designated as Executive Vice-Chairman, for a term of three years effective from May 9, 2021.

The Board appointed Mr. Prashant Nagre (DIN: 09165447) as an Additional Director effective from May 6, 2021.

The Board, subject to members' approval at the ensuing AGM, has appointed Mr. Prashant Nagre as a Managing Director of the Company for a period of three years effective from May 9, 2021. Effective May 08, 2021, Mr. Prashant Nagre relinquished his office of Chief Executive Officer.

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

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

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

## AUDITORS

Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No: 117366W/W- 100018) have been appointed as Statutory Auditors of the Company, as per the members' approval at the 66th AGM dated September 28, 2018, to hold office from the conclusion of 66th AGM until the conclusion of 70th AGM of the Company. The Statutory Auditors have issued Auditors' Reports with unmodified opinion on the Audited Financial Statements (Standalone and Consolidated) for FY 2020-21.

## SECRETARIAL AUDIT REPORTS AND CERTIFICATE

Mr. Pradeep Purwar (Membership No. FCS-5769), Proprietor of Pradeep Purwar and Associates, Company Secretaries ('Secretarial Auditor'), was appointed to conduct the Secretarial Audit of the Company for FY 2020-21 as per the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and regulation 24A of Listing Regulations.

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

The Secretarial Compliance Report for FY 2020-21 has been filed with the BSE Limited within the statutory time period.

## COST AUDITORS

In accordance with the provisions of sub-section (1) of section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (as amended from time to time), the Company is required to maintain the cost records, and conduct the cost audit in respect of applicable products manufactured by the Company.

In accordance with the above, the Cost Audit report for the FY 2019-20 was filed with Ministry of Corporate Affairs (MCA) within the due date.

On the recommendation of the Audit Committee, the Board of Directors appointed Joshi Apte & Associates (Firm Registration No. 00240) as the Cost Auditor of the Company for the FY 2021-22 to conduct the cost audit (including cost auditing standards) as aforesaid.

Pursuant to the provisions of sub-section (3) of Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014 (as amended from time to time), Members' consent is sought for payment of remuneration to the Cost Auditor for FY 2021-22, as mentioned in item no. 7 to the Notice of 69th AGM of the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of sub-section (5) of Section 134 of the Act, with respect to Directors' Responsibility Statement for the year under review, it is hereby confirmed that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors have prepared the annual accounts on a going concern basis;

(e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## ANNUAL RETURN

Pursuant to sub-section (3) of section 92 read with clause (a) of sub-section (3) of section 134 of the Act, the Annual Return as on March 31, 2021 is available on the Company's website at https://www.fermentabiotech.com/annual-returns.php

## CODE FOR PREVENTION OF INSIDER TRADING

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

## NOMINATION AND REMUNERATION POLICY

Pursuant to sub-section (4) of section 178 of the Act, the Nomination and Remuneration Policy ('Remuneration Policy') of the Company, is available on Company's website at https://fermentabiotech.com/policies.php. The salient features of the Nomination and Remuneration Policy, *inter alia*, are: (a) Objectives, (b) Matters to be recommended by the Committee to the Board, (c) Criteria for appointment of Director / KMP / Senior management, (d) Additional Criteria for Appointment of Independent Directors, (e) Appointment and Remuneration of Directors, (f) Policy on Board Diversity, (g) Appointment, removal, and Remuneration of KMP / Senior management and other employees of the Company, (h) Criteria for Evaluation of Independent Director and the Board, (i) Succession planning for appointment to the Board of Directors and Senior Management, (j) Directors' and Officers' (D & O) Liability Insurance.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of any loans or guarantees provided or investments made by the Company covered under the provisions of Section 186 of the Act during FY 2020-21 are as provided in the financial statements.

## RELATED PARTY TRANSACTIONS

All related party transactions entered into during FY 2020-21 were on an arm's length basis and in the ordinary course of business. During FY 2020-21, the Company has not entered into any material related party transaction. In view of this, disclosure in form AOC-2 is not applicable. The brief details of the Company's policy on dealing with Related Party transactions (RPT Policy) are covered in Corporate Governance report. The RPT policy is available on Company's website at https://fermentabiotech.com/policies.php

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

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

## CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34 read with Schedule V of SEBI Listing Regulations, the Corporate Governance Report along with the Corporate Governance Certificate issued by Mr. Pradeep Purwar (Membership No. FCS-5769), Proprietor of Pradeep Purwar and Associates, Company Secretaries, for the financial year 2021-21 is provided as Annexure III and forms part of this Report. Details of number of Board meetings, composition of the Audit Committee and establishment of Vigil Mechanism as required under the Act are provided in the Corporate Governance Report.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Based on CSR Committee's recommendations, the Board approved the Corporate Social Responsibility Policy ('CSR Policy') indicating the CSR activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities. Annual report on CSR activities of the Company for FY 2020-21 including composition of the CSR Committee is provided in Annexure VII to this Board's report and forms part of this Board's report.

## BUSINESS RESPONSIBILITY REPORT

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

## INITIATIVES AGAINST COVID-19

In compliance with the directions issued by the Government from time to time, the Company implemented various measures to contain the spread of Coronavirus Covid-19 and ensure overall safety of its employees and stakeholders at large. The Company extended all necessary assistance to its employees and families of employees in this regard. The Company provided work-from-home facility to its employees and wherever physical attendance was required, all safety measures, precautions and protocols were adhered to in accordance with the Government directives. The management of the Company was in regular communication with its employees in order to boost their morale and face the challenges brought by these tough times.

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

During FY 2020-21:

(i) There was no significant and material order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations;

(ii) No application was made or any proceedings were pending under the Insolvency and Bankruptcy Code, 2016; and

(iii) Valuation related details for FY 2020-21 in respect of one time settlement of loan from the Banks or Financial Institutions were not applicable.

## SECRETARIAL STANDARDS

During FY 2020-21, the Company has complied with the provisions of applicable Secretarial Standards issued by the Council of the Institute of Company Secretaries of India and approved by the Central Government.

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

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

| Aggregate number of shareholders and the outstanding shares in the Suspense Account lying at the beginning of the year (01.04.2020) | Number of shareholders who approached the Company for transfer of shares from Suspense Account during the year | Number of shareholders to whom shares were transferred from Suspense Account during the year | Aggregate number of shareholders and the outstanding shares in the Suspense Account lying at the end of the year (31.03.2021) | That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares. |
|---|---|---|---|---|
| 292 number of shareholders and 1,38,018 Equity Shares of ₹5 each | 2 | 1 | 313 number of shareholders and 1,40,699 Equity Shares of ₹5 each | 1,40,699 Equity Shares |

## ACKNOWLEDGEMENTS

The Board of Directors would like to express its appreciation to the employees of the Company at all levels, members, bankers, financial institutions, regulatory bodies and other business associates for their support during the year under review. The Board of Directors also expresses its deepest gratitude to all Covid warriors all across.

## CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

June 29, 2021, Thane
Registered Office:
A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.

Annexure I

# Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture entities

## Part "A": Subsidiaries

| Sl. No. | Particulars | (₹ In Lakh) | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. | Name of the subsidiary: | Fermenta Biotech GmbH | Aegean Properties Limited | CC Square Films Limited | G I Biotech Private Limited | Fermenta Biotech (UK) Limited | Fermenta Biotech USA LLC | Fermenta USA, LLC |
| 2. | The date since when subsidiary was acquired | 05.09.2019 | 01.02.2002 | 10.01.2011 | 25.08.2004 | 10.09.2002 | 27.05.2020 | 01.12.2020 |
| 3. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | - | - | - | - | - | - | - |
| 4. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Euro € (Exchange Rate: 1 Euro = 85.75 INR for Assets & Liabilities and 1 Euro = 86.66 INR for Profit and Loss account as on 31.03.2021) | INR | INR | INR | Pound Sterling £ (Exchange Rate: 1 GBP = 100.72 INR for Assets & Liabilities and 1 GBP = 97.04 INR for Profit and Loss account as on 31.03.2021) | US Dollar $ (Exchange Rate: 1 USD = 73.10 INR for Assets & Liabilities, and 1 USD = 73.09 INR for Profit and Loss account as on 31.03.2021) | US Dollar $ (Exchange Rate: 1 USD = 73.10 INR for Assets & Liabilities, and 1 USD = 73.09 INR for Profit and Loss account as on 31.03.2021) |
| 5. | Share capital | 19.33 | 30.00 | 5.00 | 1.00 | 183.59 | 1184.72 | 43.97 |
| 6. | Reserves & surplus | (427.36) | 111.08 | (5.00) | 2.07 | (146.80) | (17.13) | (441.42) |
| 7. | Total assets | 3446.99 | 143.49 | - | 3.17 | 40.70 | 1174.17 | 1615.84 |
| 8. | Total Liabilities | 3855.02 | 2.41 | - | 0.10 | 3.91 | 6.58 | 2013.29 |
| 9. | Investments | - | - | - | - | - | 955.77 | - |
| 10. | Turnover | 373.09 | 18.00 | - | 0.40 | 2.85 | - | 2414.01 |
| 11. | Profit before taxation | (190.63) | 13.18 | - | (0.44) | 1.63 | (13.90) | (649.73) |
| 12. | Provision for taxation | - | 3.32 | - | (0.12) | - | - | - |
| 13. | Profit after taxation | (190.63) | 9.86 | - | (0.32) | 1.63 | (13.90) | (649.73) |
| 14. | Proposed Dividend | - | - | - | - | - | - | - |
| 15. | % of shareholding | 100% | 100% | 100% | 62.50% | 100% | 100% | 52% subsidiary of Fermenta Biotech USA LLC |

## Part "B": Associates and Joint Ventures

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

| Name of Associates | Health and Wellness India Private Limited |
|---|---|
| Name of Joint Ventures | - |
| 1. Latest audited Balance Sheet Date | 31.03.2021 |
| 2. Date on which the Associate or Joint Venture was associated or acquired | 02.02.2011 |
| 3. Shares of Associate/Joint Ventures held by the company on the year end | |
| Number | 30,12,504 Equity Shares |
| Amount of Investment in Associates/Joint Venture (₹ In Lakh) | 475.00 |
| Extent of Holding % | 47.15% |
| 4. Description of how there is significant influence | - |
| 5. Reason why the associate/joint venture is not consolidated | Being an Associate |
| share of Profit and loss is | |
| consolidated | |
| 6. Net worth attributable to Shareholding as per latest audited Balance Sheet | - |
| 7. Profit / Loss for the year (₹ In Lakh) | - |
| Considered in Consolidation (₹ In Lakh) | - |
| Not considered in Consolidation (₹ In Lakh) | - |

For and on behalf of the Board of Directors

**Sanjay Buch**
Chairman
(DIN: 00391436)

June 29, 2021, Thane
Registered Office:
A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.

# Annexure II

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

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

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2020-21:

| Sr. no. | Name | Designation | Ratio of remuneration of director to median Remuneration of employees |
|---|---|---|---|
| 1. | Mr. Krishna Datla | Managing Director * | 55.18 |
| 2. | Mr. Satish Varma | Executive Director | 42.85 |
| 3. | Ms. Anupama Datla Desai | Executive Director | 30.1 |

2. Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2020-21:

| Sr. no. | Name | Designation | % Increase |
|---|---|---|---|
| 1. | Mr. Krishna Datla | Managing Director * | - |
| 2. | Ms. Anupama Datla Desai | Executive Director | - |
| 3. | Mr. Satish Varma | Executive Director | - |
| 4. | Mr. Prashant Nagre | Chief Executive Officer ** | 7% |
| 5. | Mr. Sumesh Gandhi | Chief Financial Officer | 6% |
| 6. | Mr. Srikant Sharma | Company Secretary | 6% |

3. Percentage increase in the median remuneration of employees in the financial year 2020-21: 6%

4. Number of permanent employees on the rolls of the Company: 580

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

| | |
|---|---|
| % increase made in the salaries of employees other than the managerial personnel: | 8.87% |
| % increase in the managerial remuneration: | 6% |

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

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

| Name | Krishna Datla | Satish Varma | Anupama Datla Desai | Prashant Nagre |
|---|---|---|---|---|
| Designation | Managing Director * | Executive Director | Executive Director | Chief Executive Officer ** |
| Remuneration received (₹) | 2,99,35,411 | 2,44,31,522 | 1,74,62,022 | 2,26,66,992 |
| Nature of employment, whether contractual or otherwise | Contractual | Contractual | Contractual | Contractual |
| Qualifications and Experience | B.Com.<br>Over 20 years of experience | Computer Science<br>Over 26 years of experience | Post-Graduate in Biotechnology from Mumbai University and Science Graduate from the Boston College, USA<br>Over 14 years of experience | B.Pharm, Post Graduate Diploma in Foreign Trade, Post Graduate Diploma in International Trade, Masters in Management Science<br>Over 31 years of experience |
| Date of commencement of employment | 09.05.2005 as Managing Director | 27.09.2019 as Executive Director | 27.09.2019 as Executive Director | 27.09.2019 as Chief Financial Officer |
| Age (Years) | 41 | 51 | 43 | 51 |
| Last employment | - | Erstwhile Fermenta Biotech Limited | Erstwhile Fermenta Biotech Limited | Erstwhile Fermenta Biotech Limited |
| % of shares held | 8.22% | 0.08% | 1.38% | Nil |
| Whether relative of director | Relative of Ms. Rajeshwari Datla and Ms. Anupama Datla Desai | No | Relative of Ms. Rajeshwari Datla and Mr. Krishna Datla | No |

Note:

* The Board of Directors appointed Mr. Krishna Datla as a Whole-time Director, designated as Executive Vice-Chairman, w.e.f. May 9, 2021, subject to members' approval.

** The Board of Directors appointed Mr. Prashant Nagre (DIN: 09165447) as (a) Additional Director w.e.f. May 6, 2021, and (b) Managing Director w.e.f. May 9, 2021, subject to members' approval.

For and on behalf of the Board of Directors

**Sanjay Buch**
Chairman
(DIN: 00391436)

June 29, 2021, Thane
Registered Office:
A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.

Annexure III

# Corporate Governance Report

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

## BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of executive and non-executive Directors as stipulated under Regulation 17 of the Listing Regulations. The Chairman of the Board is an Independent Director. The Board of Directors confirm that the Independent Directors fulfill the conditions specified in terms of Schedule V of sub-regulation (3) of Regulation 34 of the Listing Regulations and are independent of the management. The composition of the Board as on March 31, 2021 is as follows:

| Name of Director | Category | Directorships in all other companies | Chairmanship in other Committees in all other companies | Membership in other Committees in all other companies | Name of other Listed entities in which the Director holds Directorship and the Category of such Directorship |
|---|---|---|---|---|---|
| Mr. Sanjay Buch (DIN: 00391436) | Chairman (Independent Director) | 4 | NIL | NIL | NIL |
| Ms. Rajeshwari Datla (DIN: 00046864) | Non-Executive Director | 2 | NIL | NIL | NIL |
| Mr. Vinayak Hajare (DIN: 00004635) | Independent Director | 6 | NIL | NIL | NIL |
| Mr. Krishna Datla (DIN: 00003247) | Managing Director (up to May 8, 2021) * | 5 | NIL | NIL | NIL |
| Mr. Satish Varma (DIN: 00003255) | Executive Director | 4 | NIL | NIL | NIL |
| Dr. Gopakumar Nair (DIN: 00092637) | Independent Director | NIL | NIL | NIL | NIL |
| Ms. Anupama Datla Desai (DIN: 00217027) | Executive Director | 2 | NIL | NIL | NIL |
| Ms. Rajashri Ojha (DIN: 07058128) | Independent Director | 1 | NIL | NIL | NIL |

* Note:

(i) The Board of Directors appointed Mr. Krishna Datla as a Whole-time Director, designated as Executive Vice-Chairman, w.e.f. May 9, 2021, subject to members' approval.

(ii) The Board of Directors appointed Mr. Prashant Nagre (DIN: 09165447) as (a) Additional Director w.e.f. May 6, 2021, and (b) Managing Director w.e.f. May 9, 2021, subject to members' approval.

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

### Disclosure of relationships between directors inter-se

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

Following are the skills/ expertise/ core competencies of the Board members as identified for its effective functioning in terms of Schedule V of sub-regulation (3) of Regulation 34 of the Listing Regulations:

Skills/ expertise/ core competencies identified by the Board for Company's effective functioning

- Leadership / Operational experience
- Corporate and business laws, mergers and acquisitions
- Mediation and arbitration
- Pharmaceuticals
- Investment Banking and Corporate Finance
- Real Estate
- Licensing and technology transfer
- Research & Development and Innovation
- Intellectual Property Rights
- Regulatory compliance
- Corporate Governance

Skills/ expertise/ core competencies available to the Board Members for effective functioning of the Company:

| Names | Core Competencies |
|---|---|
| Mr. Sanjay Buch | Corporate and business laws<br>Mergers and acquisitions<br>Corporate Governance |
| Ms. Rajeshwari Datla | Leadership / Operational experience<br>Pharmaceuticals |
| Mr. Vinayak Hajare | Investment Banking<br>Corporate Finance |
| Mr. Krishna Datla * | Leadership / Operational experience<br>Pharmaceuticals<br>Real Estate |
| Mr. Satish Varma | Leadership / Operational experience<br>Pharmaceuticals<br>Real Estate |
| Dr. Gopakumar Nair | Pharmaceutical industry<br>Mediation and arbitration<br>Licensing and technology transfer<br>Intellectual Property Rights |
| Ms. Anupama Datla Desai | Leadership / Operational experience<br>Pharmaceuticals<br>Research & Development |
| Ms. Rajashri Ojha | Pharmaceuticals<br>Regulatory compliance |
| Mr. Prashant Nagre # | Leadership / Operational experience<br>Pharmaceuticals<br>Research & Development and Innovation. |

(*The Board of Directors appointed Mr. Krishna Datla as a Whole-time Director, designated as Executive Vice-Chairman, w.e.f. May 9, 2021, subject to members' approval.

# The Board of Directors appointed Mr. Prashant Nagre (DIN: 09165447) as (a) Additional Director w.e.f. May 6, 2021, and (b) Managing Director w.e.f. May 9, 2021, subject to members' approval.)

The number of directors who have the core competencies is 9, as on the date of the report.

Brief profile of Directors being reappointed, as required under sub-regulation (4) of regulation 26, sub-regulation (3) of regulation 36 of the Listing Regulations and secretarial standard on general meetings specified by the Institute of Company Secretaries of India and approved by the Central Government is provided in page number 288 of this Annual Report and forms parts of this Corporate Governance Report.

## BOARD MEETINGS / PREVIOUS ANNUAL GENERAL MEETING

- During the financial year under review, five Board Meetings were held on June 29, 2020, August 28, 2020, September 14, 2020, November 9, 2020 and February 11, 2021. The maximum gap between any two board meetings was less than 120 days, as stipulated under sub-regulation (2) of regulation 17 of the Listing Regulations.

Attendance at the five Board meetings and previous Annual General Meeting (AGM) held on October 17, 2020 is as follows

| Name | Board Meetings attended | Attendance at previous AGM |
|---|---|---|
| Mr. Sanjay Buch | 5 | Yes |
| Ms. Rajeshwari Datla | 5 | Yes |
| Mr. Vinayak Hajare | 5 | Yes |
| Mr. Krishna Datla | 5 | Yes |
| Mr. Satish Varma | 5 | Yes |
| Dr. Gopakumar Nair | 5 | Yes |
| Ms. Anupama Datla Desai | 5 | Yes |
| Ms. Rajashri Ojha | 5 | Yes |

## AUDIT COMMITTEE

During the year under review, five Audit Committee meetings were held on June 29, 2020, August 28, 2020, September 14, 2020, November 9, 2020 and February 11, 2021. The representatives of the Auditor(s), and Chief Financial Officer also attended the Audit Committee meeting(s).

The composition of the Audit Committee as on March 31, 2021 and the attendance of the Audit Committee members at the Committee meetings held during the financial year under review is as follows:

| Name of the Director | Designation | Meetings attended |
|---|---|---|
| Mr. Sanjay Buch | Chairman | 5 |
| Ms. Rajeshwari Datla | Member | 5 |
| Mr. Vinayak Hajare | Member | 5 |
| Dr. Gopakumar Nair | Member | 5 |

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

- Terms of reference:

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

  1. Review company's financial reporting process and accounting policies and practices.
  2. Review and recommend to the Board, appointment, re-appointment and removal of Statutory and Internal Auditors and fixation of auditors remuneration and other fees, including terms of appointment.
  3. Review with management of quarterly, half-yearly and annual financial statements and auditors' report before submission to Board for approval with particular reference to:

     (a) Director's Responsibility Statement as per clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;

     (b) changes, if any, in accounting policies and practices and reasons for the same;

     (c) major accounting entries involving estimates based on the exercise of judgment by management;

     (d) significant adjustments made in the financial statements arising out of audit findings;

     (e) compliance with listing and other legal requirements relating to financial statements;

     (f) disclosure of any related party transactions;

     (g) modified opinion(s) in the draft audit report;

  4. Review: (a) adequacy of internal control systems (including internal financial controls) and risk management systems; (b) the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; (c) reports and significant findings, if any, of the Internal and Statutory Auditor and to ensure that suitable follow-up action is taken; (d) findings of any internal

investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board; (e) and monitor the auditor's independence and performance, and effectiveness of audit process; (f) with the management, performance of statutory and internal auditors, adequacy of the internal control systems; (g) financial statements of subsidiary companies, joint venture and associate companies; (h) substantial defaults in payments to stakeholders and creditors;(i) functioning of the Vigil mechanism;

5. Discussion with Statutory Auditors and Internal Auditors about nature and scope of audit and areas of concern; and discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern;
6. Examination of disclosure aspects of related party transactions and approval or any subsequent modification of transactions of the Company with related parties;
7. Other functions like Scrutiny of inter-corporate loans and investments; valuation of undertakings or assets wherever necessary; Monitoring the end use of funds raised through public offers and related matters;
8. Approval of appointment of CFO ;
9. Any other functions as may be statutorily required.

## NOMINATION AND REMUNERATION COMMITTEE

- During the year under review, one Committee meeting was held on August 28, 2020.
- The Composition of the said Committee as on March 31, 2021 and the attendance of the Committee members in its meeting held during the financial year under review is as follows:

| Name of the Director | Designation | Meetings attended |
|---|---|---|
| Mr. Vinayak Hajare | Chairman | 1 |
| Mr. Sanjay Buch | Member | 1 |
| Dr. Gopakumar Nair | Member | 1 |

The Company Secretary acts as Secretary to the Committee.

- **Terms of reference:**

The terms of reference include:

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board, their appointment and removal.
- Carry out evaluation of every director's performance.
- Devising a policy on diversity of Board of Directors
- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and other employees.
- Recommend whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Any other terms of reference, role, responsibility and powers as may be prescribed from time to time (i) under the Companies Act, 2013 and rules made thereunder and the Listing Regulations; and/or (ii) by the Board of Directors of the Company.

- **Nomination and Remuneration policy and performance evaluation of Board and individual Directors:**

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

Performance evaluation criteria for independent directors is as mentioned in Remuneration Policy which is available to Company's website at https://fermentabiotech.com/policies.php

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

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

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

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

Details of remuneration of Directors for the financial year ended March 31, 2021 are as follows:

| Name of Director | Sitting Fees * (₹) | Salary (₹) | Contribution to PF and other funds (₹) | Benefits & Perquisites (₹) | Total (₹) | No. of shares held (FV of ₹5) |
|---|---|---|---|---|---|---|
| Nature | Fixed (per meeting) | Fixed | Fixed | Variable | - | - |
| Mr. Sanjay Buch<br>Independent Director | 8,10,000 | - | - | 13,21,289 | 21,31,289 | NIL |
| Ms. Rajeshwari Datla<br>Non-Executive Director | 7,50,000 | - | - | 13,21,289 | 20,71,289 | 5,09,718 |
| Mr. Vinayak Hajare<br>Independent Director | 8,10,000 | - | - | 13,21,289 | 21,31,289 | NIL |
| Mr. Krishna Datla **<br>Managing Director + | - | 1,44,75,000 | 19,08,000 | 1,35,52,411 | 2,99,35,411 | 24,19,074 |
| Mr. Satish Varma***<br>Executive Director + | - | 1,12,50,000 | 14,67,692 | 1,17,13,830 | 2,44,31,522 | 23,160 |
| Dr. Gopakumar Nair<br>Independent Director | 7,70,000 | - | - | 13,21,289 | 20,91,289 | 6,000 |
| Ms. Anupama Datla Desai***<br>Executive Director + | - | 78,70,000 | 10,76,308 | 85,15,714 | 1,74,62,022 | 4,05,492 |
| Mr. Rajashri Ojha<br>Independent Director | 5,00,000 | - | - | 13,21,289 | 18,21,289 | NIL |
| TOTAL | 36,40,000 | 3,35,95,000 | 44,52,000 | 4,03,88,400 | 8,20,75,400 | 33,63,444 |

* Sitting Fees include fees for –

Board, Audit Committee and other Committee Meetings @ ₹1,00,000; ₹50,000 and ₹10,000 per meeting respectively.

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

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

\+ The remuneration details including the commission payable to the Managing Director and Executive Directors for FY 2020-21.

The Company has not granted any Stock Option to any Director. 2,17,410 Stock Options were granted to Mr. Prashant Nagre in financial year 2019-20 when he was Chief Executive Officer of the Company which shall vest and be exercisable in tranches after a period of 3, 4 and 5 years from the date of grant. ESOP related disclosure is available at Company's website under https://www.fermentabiotech.com/esop-disclosure.php

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive / Independent Directors during the year under review, except as stated above.

The Non-Executive Directors receive sitting fees for attending the meetings of Board of Directors and its Committees. Criteria of making payments (profit related commission) to non-executive directors is as mentioned in Remuneration Policy which is available to Company's website at https://fermentabiotech.com/policies.php

## STAKEHOLDERS RELATIONSHIP COMMITTEE

- During the year under review, four Stakeholders Relationship Committee meetings were held on June 29, 2020, September 14, 2020, November 9, 2020 and February 11, 2021. The composition of the Committee as on March 31, 2021 and the attendance at the said Committee meeting is as follows:

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

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

- Terms of Reference:

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

i) Redressal of Members' grievances.

ii) Issue of duplicate Share Certificates.

iii) Review of Dematerialised shares.

iv) Transfer and Transmission of shares.

v) Non-receipt of Annual Reports and declared dividends.

vi) Other matters related to shares and/or investor grievances.

vii) Any other matter as may be statutorily required including under Schedule II Part D of Listing Regulations.

## SHAREHOLDER INFORMATION

- Name and designation of Compliance Officer: Mr. Srikant N. Sharma - Company Secretary and Vice-President (Legal)

Investor Helpdesk:

Mr. Srikant Sharma

Fermenta Biotech Limited, A -1501, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) – 400 610, Maharashtra, India

Tel No.022-67980800 Fax:-022-67980899

e-mail: srikant.sharma@fermentabiotech.com

### Investor Complaints and their redressal

- number of shareholders' complaints received during the financial year: NIL
- number of complaints not solved to the satisfaction of shareholders: NIL
- number of pending complaints as on March 31, 2021 were NIL.

## RISK MANAGEMENT COMMITTEE

Not applicable for the financial year under review.

## GENERAL BODY MEETINGS

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

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

| Year | Date and Time | Venue | Special Resolution(s) passed |
|---|---|---|---|
| FY 2019-20 | October 17, 2020 | Meeting held through Video conferencing/Other Audio Visual Means | 1) Appointment of Ms. Rajashri Ojha, as an Independent Director of the Company for a period of five years effective from April 1, 2020; |
| | | | 2) Appointment of Ms. Anupama Datla Desai, as an Executive Director of the Company for a period of three years effective from September 27, 2019; |
| | | | 3) Appointment of Mr. Satish Varma, as an Executive Director of the Company for a period of three years effective from September 27, 2019; |
| | | | 4) Commission to Non-Executive Directors |

b) Whether any special resolution passed last year through postal ballot – details of voting pattern: NIL

c) Person who conducted the postal ballot exercise – Not applicable

d) Whether any special resolution is proposed to be conducted through postal ballot - NIL

e) Procedure for postal ballot –Procedure stipulated under Companies Act, 2013 and Listing Regulations shall be applicable for postal ballot activity undertaken by the Company.

## COMPANY POLICIES

### VIGIL MECHANISM POLICY

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

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

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

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

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

### POLICY FOR DETERMINING MATERIAL SUBSIDIARY

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

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

**Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is provided in page number 94 of this annual report.**

### DISCLOSURES

- During the year under review, the risk management reports were placed before the Audit Committee and Board of Directors for review.
- Pursuant to sub regulation 8 of Regulation 17 read with Part B of Schedule II of the Listing Regulations, the Chief Executive Officer and the Chief Financial Officer have submitted a certificate to the Board of Directors for the financial year ended March 31, 2021. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

- Reconciliation of Share Capital Audit

  Share Capital Audit for the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital of the Company has been certified by a Practising Company Secretary on a quarterly basis and the Reconciliation of Share Capital Audit Reports were issued thereon during the year under review. The audit confirms that the total issued / paid – up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

- Compliance with Mandatory Requirements

  The Company has complied with all the mandatory requirements, as applicable in terms of Schedule V of the Listing Regulations.

- Compliance with Discretionary Requirements as per Part E of Schedule II of the Listing Regulations

  The Company has adopted E of the Non-Mandatory requirements as provided in Part E of Schedule II of the Listing Regulations i.e. the internal auditor reports directly to the audit committee. A, B and C of the Non-Mandatory requirements as provided in Part E of Schedule II of the Listing Regulations have not been adopted.

## MEANS OF COMMUNICATION

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

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

## GENERAL SHAREHOLDER INFORMATION

| | | |
|---|---|---|
| Annual General Meeting | : | Friday, September 3, 2021 at 11.30 A.M. (IST) through Video Conferencing or Other Audio-Visual Means, without the physical presence of the members at a common venue. The venue of the AGM shall be deemed to be A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) - 400 610, Maharashtra. |
| • Financial Year | : | April 1 to March 31 |
| Financial reporting for the quarter ending June 30, 2021 | : | By August 14, 2021 |
| Financial reporting for the quarter ending September 30, 2021 | : | By November 14, 2021 |
| Financial reporting for the quarter ending December 31, 2021 | : | By February 14, 2022 |
| Financial reporting for the year ending March 31, 2022 | : | By May 30, 2022 |
| • Date of Book closure | : | From August 27, 2021 to September 3, 2021 (inclusive of both days) |
| • Dividend Payment Date | : | On or before September 13, 2021. |

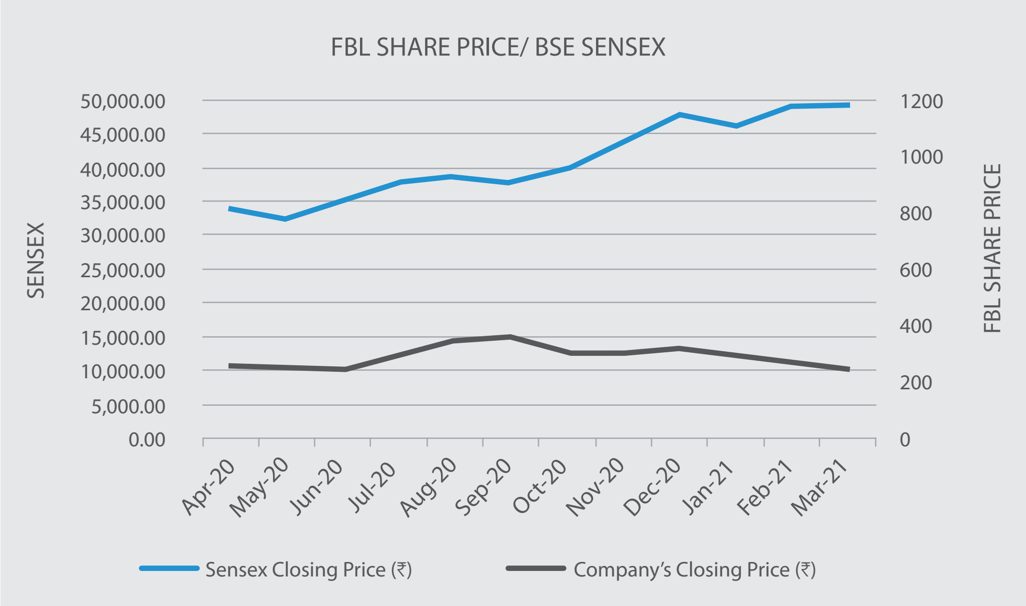
| | | |
|---|---|---|
| • Listing on Stock Exchanges | : | BSE Limited (Listing fees for the year 2021-22 have been paid)<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Mumbai - 400 001<br>Tel: +91 22 22721233/34<br>Fax: +91 22 22721919 |
| • Stock/ Scrip Code on BSE Limited | : | 506414 |

- Market Price Data : High / low of the Company's Stock Price during each month in the financial year ended March 31, 2021

| Month | Fermenta Biotech Limited | |
|---|---|---|
| | High (₹) | Low (₹) |
| April 2020 | 275.00 | 218.60 |
| May 2020 | 262.80 | 218.00 |
| June 2020 | 305.00 | 240.00 |
| July 2020 | 324.80 | 240.00 |
| August 2020 | 423.85 | 294.30 |
| September 2020 | 442.00 | 332.00 |
| October 2020 | 377.20 | 306.00 |
| November 2020 | 345.70 | 287.00 |
| December 2020 | 366.00 | 296.05 |
| January 2021 | 327.00 | 285.00 |
| February 2021 | 308.90 | 260.55 |
| March 2021 | 304.00 | 249.00 |

- Performance in comparison to broad-based indices such as BSE Sensex.

| Month | Company's Closing Price (₹) | Sensex Closing Price (₹) | No. of shares of the Company traded |
|---|---|---|---|
| April 2020 | 255.25 | 33,717.62 | 2,75,657 |
| May 2020 | 243.45 | 32,424.1 | 2,69,567 |
| June 2020 | 251.85 | 34,915.8 | 8,33,535 |
| July 2020 | 296.00 | 37,606.89 | 9,74,836 |
| August 2020 | 347.35 | 38,628.29 | 27,24,174 |
| September 2020 | 360.75 | 38,067.93 | 18,95,581 |
| October 2020 | 313.80 | 39,614.07 | 5,86,076 |
| November 2020 | 301.30 | 44,149.72 | 6,37,852 |
| December 2020 | 317.50 | 47,751.33 | 9,94,612 |
| January 2021 | 296.75 | 46,285.77 | 4,97,274 |
| February 2021 | 276.95 | 49,099.99 | 4,97,435 |
| March 2021 | 250.30 | 49,509.15 | 8,88,565 |




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

- Share Transfer System:

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

- Distribution of the Company's equity shareholding as on March 31, 2021:

| Sr. No. | Range in no. of Shares | Holding (no. of shares) | Amount (₹) | % to Total Amount | No. of Holders | % to Total Holders |
|---|---|---|---|---|---|---|
| 1 | 1 - 500 | 12,55,371 | 62,76,855 | 4.2655 | 12702 | 82.3842 |
| 2 | 501 - 1000 | 11,26,001 | 56,30,005 | 3.8259 | 1520 | 9.8586 |
| 3 | 1001 - 2000 | 9,90,211 | 49,51,055 | 3.3645 | 685 | 4.4429 |
| 4 | 2001 - 3000 | 4,12,667 | 20,63,335 | 1.4022 | 164 | 1.0637 |
| 5 | 3001 - 4000 | 3,13,513 | 15,67,565 | 1.0652 | 91 | 0.5902 |
| 6 | 4001 - 5000 | 2,39,696 | 11,98,480 | 0.8144 | 52 | 0.3373 |
| 7 | 5001 -10000 | 7,33,966 | 36,69,830 | 2.4939 | 101 | 0.6551 |
| 8 | 10001 and above | 2,43,59,562 | 12,17,97,810 | 82.7684 | 103 | 0.6681 |
| | Total | 2,94,30,987 | 14,71,54,935 | 100 | 15418 | 100 |

- Equity Shareholding Pattern as on March 31, 2021

| | Shareholding (no. of shares) | % of holding |
|---|---|---|
| Promoters | 1,74,94,392 | 59.44 |
| Clearing Members | 68,794 | 0.24 |
| Foreign Banks & NRIs | 3,19,168 | 1.08 |
| Other Bodies Corporate and Funds | 8,19,289 | 2.79 |
| Nationalised Banks | 120 | 0 |
| General Public | 96,71,294 | 32.86 |
| Hindu Undivided Family | 3,33,566 | 1.13 |
| IEPF | 1,40,699 | 0.48 |
| Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) | 5,83,665 | 1.98 |
| TOTAL | **2,94,30,987** | **100** |

- **Dematerialisation of Shares and liquidity:** The Company and Link Intime India Private Limited, has signed Tripartite Agreements with the National Securities Depository Ltd. and the Central Depository Services (India) Ltd. respectively. The shares of the Company are compulsorily traded in the dematerialised form in the Stock Exchange. Presently 98.42% of the equity shares of the Company have been dematerialised. The Company's Equity Shares are liquid and actively traded on the stock exchange.

- Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity – Not applicable

- Commodity price risk or foreign exchange risk and hedging activities: The Company does not have any significant exposure on commodities directly. Currency risks arises mainly where receivable, payables and borrowings exist due to foreign currency transactions. Around 70% of the Company's income is by way of exports and it enjoys natural hedge to a large extent. The exposure to currency risk is explained in detail in the notes to the financial statements.

- Plant locations :

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

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

- Address for Correspondence :

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

  Fermenta Biotech Limited
  A -1501, Thane One, DIL Complex,
  Ghodbunder Road, Majiwade,
  Thane (West) – 400 610
  Maharashtra, India.
  ISIN: INE225B01021
  Tel No.: + 91 22 66230800
  Fax No.: + 91 22 6798 0899

- List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds, whether in India or abroad. – Not applicable

- **Details of non-compliance by the Company and penalties or strictures were imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets during the last three years:-**

| Years | Details |
|---|---|
| FY 2018-19 | Nil |
| FY 2019-20 | A prior intimation for considering interim dividend (Reg. 29 of LODR) for the board meeting of November 13, 2019 was not communicated to the exchange and an amount of Rupees Ten Thousand plus GST was levied by the exchange and the company duly complied with it. |
| FY 2020-21 | Nil |

- Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A). – Not applicable
- Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part: ₹47.85 Lakh
- A certificate regarding debarring or disqualification of directors is available at page 117 of this Annual Report.
- Where the Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof - Nil
- During the year under review, there were no instances of Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) of Part C of Schedule V to the Listing Regulations.
- During the year under review, the Company is in compliance of Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- Compliance certificate regarding the compliance with corporate governance requirements is available at page no. 114 of this Annual Report.

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

June 29, 2021, Thane
Registered Office:
A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (West) – 400 610
Maharashtra, India.

# Corporate Governance Compliance Certificate

for the Financial Year ended March 31, 2021

UDIN: F005769C000549356

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

We have examined the compliance of conditions of Corporate Governance by Fermenta Biotech Limited (the Company) (formerly DIL Limited) for the year ended **March 31,** 2021, as stipulated in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

## Managements' Responsibility:

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

## Auditors' Responsibility:

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

## Opinion:

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C and D of Schedule V of SEBI Listing Regulations during the year ended **March 31**, 2021.

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

**For Pradeep Purwar & Associates**
Company Secretaries
[Unique Identification No.: S2003MH071600]
[PR: 599/2019]

**Pradeep Kumar Purwar**
Proprietor
FCS No. 5769
CoP No. 5918

Place: Thane
Date: June 30, 2021

## Annexure IV
## Form No. MR-3

# Secretarial Audit Report

For the Financial Year ended March 31, 2021

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

UDIN: F005769C000537520

To,
The Members,
**Fermenta Biotech Limited**
(Formerly Known as DIL Limited)

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised 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, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 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) 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws:

(a) Drugs and Cosmetics Act, 1940

(b) The Environment (Protection) Act, 1986

(c) The Water (Prevention and Control of Pollution) Act, 1974

(d) The Air (Prevention and Control of Pollution) Act, 1981

(e) Hazardous Wastes (Management and Handling) Rules, 1989

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

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India; and

(ii) The Listing Agreements entered into by the Company with BSE Limited.

Provisions of the following Act, Regulations and Guidelines were not attracted to the Company for the financial year under review: -

(i) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(iii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(iv) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

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

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

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

Majority decision is carried through and there were no dissenting members' views which were required to be captured and recorded as part of the minutes.

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

**Note:** We have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.

For Pradeep Purwar & Associates
Company Secretaries
[Unique Identification No.: S2003MH071600]
[PR: 599/2019]

Pradeep Kumar Purwar
Proprietor
FCS No. 5769
CoP No. 5918

Place: Thane
Date: June 29, 2021

## Annexure V

# Certificate of Non-Disqualification of Directors

UDIN: F005769C000552106

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

To,
The Members,
**Fermenta Biotech Limited**
(Formerly Known as DIL Limited)
A -1501, Thane One,
DIL Complex, Ghodbunder Road,
Majiwade, Thane (West) - 400 610

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Fermenta Biotech Limited (Formerly known as DIL Limited) having CIN L99999MH1951PLC008485 and having registered office at A -1501, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) - 400 610 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on **March 31**, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

| Sr. No. | Name of Director | DIN | Date of Appointment in the Company |
|---|---|---|---|
| 1 | Krishna Datla Vasantkumar | 00003247 | 09/05/2010 |
| 2 | Satish Varma Azad Nadimpally | 00003255 | 01/07/2003 |
| 3 | Vinayak Manohar Hajare | 00004635 | 18/06/2009 |
| 4 | Rajeshwari Datla | 00046864 | 21/07/2005 |
| 5 | Gopakumar Gopalan Nair | 00092637 | 17/05/2019 |
| 6 | Anupama Datla Desai | 00217027 | 27/09/2019 |
| 7 | Sanjay Buch Ramakant | 00391436 | 28/04/2007 |
| 8 | Rajashri Santosh Kumar Ojha | 07058128 | 01/04/2020 |

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

For **Pradeep Purwar & Associates**
Company Secretaries
[Unique Identification No. S2003MH071600]
[PR: 599/2019]

**Pradeep Kumar Purwar**
Proprietor
FCS No. 5769
CoP No. 5918

Place: Thane
Date: June 30, 2021

Annexure VI

# Energy conservation, technology absorption and foreign exchange earnings and outgo

## A. Conservation of energy

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

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

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

### (ii) The steps taken by the company for utilising alternate sources of energy

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

### (iii) The capital investment on energy conservation equipments

Brine plant installed for heat exchanger has reduced the energy consumption.

## B. Technology absorption –

(i) The efforts made towards technology absorption: NIL

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

- (a) the details of technology imported: NIL
- (b) the year of import: Not applicable
- (c) whether the technology been fully absorbed: Not applicable
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable

(iv) The expenditure incurred on Research and Development –

Capital: ₹21.03 Lakh

Recurring: ₹560.25 Lakh

Total expenditure: ₹581.28 Lakh

## C. Foreign exchange earnings and outgo:

Total Foreign exchange used and earned in FY 2020-21:

Foreign exchange earned: ₹25,511.28 Lakh

Foreign exchange used: ₹10,349.44 Lakh

## Annexure VII

# Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

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

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

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

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

2. Composition of the CSR Committee:

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Mr. Sanjay Buch | Independent Director, Chairman | 1 | 1 |
| 2 | Mr. Vinayak Hajare | Independent Director, Member | 1 | 1 |
| 3 | Mr. Satish Varma | Executive Director, Member | 1 | 1 |
| 4 | Mr. Krishna Datla | Executive Vice Chairman, Member * | 1 | 1 |
| 5 | Dr. Gopakumar Nair | Independent Director, Member | 1 | 1 |

*Note: The Board of Directors appointed Mr. Krishna Datla as a Whole-time Director, designated as Executive Vice-Chairman, w.e.f. May 9, 2021, subject to members' approval.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

   CSR committee - https://www.fermentabiotech.com/about-us.php#board_members

   CSR Policy - https://www.fermentabiotech.com/policies.php

   CSR projects - https://www.fermentabiotech.com/policies.php

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) – Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any – Not Applicable

| Sl.No. | Financial year | Amount available for set-off from preceding financial years (in ₹ | Amount required to be setoff for the financial year, if any (in ₹) |
|---|---|---|---|
| 1 | 2019-20 | - | - |
| 2 | 2018-19 | - | - |
| 3 | 2017-18 | - | - |

6. Average net profit of the company as per sub-section (5) of section 135: ₹10,326.58 Lakh (for FY 2017-18, FY 2018-19 and FY 2019-20)

7. (a) Two percent of average net profit of the company as per section sub-section (5) of section 135 : ₹206.53 Lakh

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

   (c) Amount required to be set off for the financial year, if any: NIL

   (d) Total CSR obligation for the financial year (7a+7b-7c): ₹206.53 Lakh

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| ₹210.10 Lakh | NIL | N.A. | N.A. | NIL | N.A. |

   (b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

| (1) | (2) | (3) | (4) | | (5) | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/ No) | | Location of the Project | Project Duration | Amount allocated for the project (in ₹) | Amount spent in the current financial Year (in ₹) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) | Mode of Implementa tion -Direct (Yes/No) | Mode of Implementation -Through Implementing Agency | |
| | | | State | District | | | | | | | Name | CSR Registration Number |
| - | - | - | - | - | - | - | - | - | - | - | - | - |

   (c) Details of CSR amount spent against other than ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Amount spent for the project (in ₹) | Mode of Implementation - Direct (Yes/No) | Mode of implementation - Through implementing Agency | |
| | | | | State | District | | | Name | CSR registration number |
| 1 | National Association of Blind, Donation to Healthcare foundation of India, Jupiter Hospital - Run for little heart virtual event and Pediatric heart surgeries | Promoting health care including preventive health care | Yes | Maharashtra | Thane | 79,45,300 | Yes | N.A. | N.A. |
| 2 | Paraplegic Rehabilitation Centre | Contribution for the benefit of armed forces veterans | No | Maharashtra | Pune | 31,04,869 | Yes | N.A. | N.A. |
| 3 | Sanjay Gandhi National Park | Contribution towards animal protection/ welfare | Yes | Maharashtra | Mumbai | 44,88,377 | Yes | N.A. | N.A. |
| 4 | Wildlife Rahabilitaion center | Contribution towards animal protection/ welfare | Yes | Maharashtra | Thane | 11,55,367 | Yes | N.A. | N.A. |
| 5 | Support to Dahej, Gujarat and Maharashtra Police | Social welfare and Covid care support | Yes | Himachal Pradesh, Gujarat and Maharashtra | Kullu, Dahej and Thane | 17,61,097 | Yes | N.A. | N.A. |
| 6 | Red cross society | Covid care support | Yes | Himachal Pradesh | Kullu | 50,000 | Yes | N.A. | N.A. |
| 7 | Srimad Rajchandra Mission | Promoting health care | Yes | Maharashtra | Mumbai | 4,36,800 | Yes | N.A. | N.A. |

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Amount spent for the project (in ₹) | Mode of Implementation - Direct (Yes/No) | Mode of implementation - Through implementing Agency | |
| | | | | State | District | | | Name | CSR registration number |
| 8 | TATA Memorial Hospital | Promoting health care | Yes | Maharashtra | Mumbai | 20,00,000 | Yes | N.A. | N.A. |
| | TOTAL | | | | | 2,09,41,810 | | | |

(d) Amount spent in Administrative Overheads: ₹0.68 Lakh

(e) Amount spent on Impact Assessment, if applicable: N.A.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹210.10 Lakh

(g) Excess amount for set off, if any

| Sl. no. | Particular | Amount (in ₹) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | 206.53 Lakh |
| (ii) | Total amount spent for the Financial Year | 210.10 Lakh |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 3.57 Lakh |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 3.57 Lakh |

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any | | | Amount remaining to be spent in succeeding financial years. (in ₹) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in ₹) | Date of transfer | |
| NIL | | | | | | | |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Project ID | Name of the Project | Financial Year in which the project was commenced | Project Duration | Total amount allocated for the project (in ₹) | Amount spent on the project in the reporting Financial Year (in ₹) | Cumulative amount spent at the end of reporting Financial Year. (in ₹) | Status of the project - Completed / Ongoing |
| NIL | | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

| Date of creation or acquisition of the capital asset(s) | Amount of CSR spent for creation or acquisition of capital asset (in ₹) | Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. | Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) |
|---|---|---|---|
| 25.01.2021 | 28,000 | National Association for the Blind | Educational Braille Kits - National Association for the Blind, World Seaface, Mumbai 400 030 |
| 31.03.2021 | 22,800 | National Association for the Blind | Communication equipments – National Association for the Blind, World Seaface, Mumbai 400 030 |

| Date of creation or acquisition of the capital asset(s) | Amount of CSR spent for creation or acquisition of capital asset (in ₹) | Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. | Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) |
|---|---|---|---|
| 30.11.2020 | 10,00,000 | Paraplegic Rehabilitation Centre | Sewage Treatment Plant - Paraplegic Rehabilitation Centre, Park Road, Kirkee, Pune 411 020 |
| 25.03.2021 | 7,25,700 | Paraplegic Rehabilitation Centre | Rain Water Harvesting System - Paraplegic Rehabilitation Centre, Park Road, Kirkee, Pune 411 020 |
| 31.03.2021 | 3,24,854 | Paraplegic Rehabilitation Centre | Equipments for day-to-day operations - Paraplegic Rehabilitation Centre, Park Road, Kirkee, Pune 411 020 |
| 08.08.2020 | 82,058 | Paraplegic Rehabilitation Centre | Communication equipments -- Paraplegic Rehabilitation Centre, Park Road, Kirkee, Pune 411 020 |
| 28.07.2020 | 6,12,983 | Sanjay Gandhi National Park | Vehicle – Sanjay Gandhi National Park, Borivali, Mumbai 400 066 |
| 14.03.2021 | 1,92,000 | Sanjay Gandhi National Park | Equipments for day-to-day operations – Sanjay Gandhi National Park, Borivali, Mumbai 400 066 |
| 12.03.2021 | 3,26,750 | Sanjay Gandhi National Park | Equipments for welfare of wild life – Sanjay Gandhi National Park, Borivali, Mumbai 400 066 |
| 29.12.2020 | 4,36,800 | Shrimad Rajchandra Sarvamangal Trust | Medical equipments for pediatric purpose – Shrimad Rajchandra Sarvamangal Trust, Patel Chambers, Mathew Road, Mumbai 400 004 |
| 15.12.2020 | 1,50,252 | Police Station, Mandi | Equipments – Police Station, Mandi, Himachal Pradesh |
| 01.02.2021 | 2,39,245 | Chitalsar Police Station, Thane | Equipments – Chitalsar Police Station, Thane |
| 30.03.2021 | 20,00,000 | Tata Memorial Centre | Medical equipments – Tata Memorial Hospital, Dr. Ernest Borges Road, Parel, Mumbai 400 012 |
| TOTAL | 61,41,442 | | |

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): N.A.

**Prashant Nagre**
Managing Director
(DIN: 09165447)
June 29, 2021, Thane

**Sanjay Buch**
Chairman - CSR Committee
(DIN: 00391436)

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

## Annexure VIII

# Business Responsibility Report

## INTRODUCTION:

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

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: *L99999MH1951PLC008485*
2. Name of the Company: Fermenta Biotech Limited
3. Registered address: *A-1501, Thane One, DIL Complex, Ghodbunder Road Majiwade, Thane (West) 400 610, Maharashtra, India*
4. Website: *www.fermentabiotech.com*
5. E-mail id: *info@fermentabiotech.com*
6. Financial Year reported: *2020-21*
7. Sector(s) that the Company is engaged in (industrial activity code-wise)

| *NIC Code* | *Product/service* |
|---|---|
| *21001* | *Vitamin D3 Product Range, Phenyramidol HCl and Silicon Dry Powder* |

8. List three key products/services that the Company manufactures/provides (as in balance sheet): *(1) Manufacturer of Vitamin D3 product range, (2) Other niche APIs (Phenyramidol HCl and Silicon Dry Powder, (3) Integrated Biotechnology products (Enzyme technologies).*
9. Total number of locations where business activity is undertaken by the Company
   *(a) Number of International Locations (Provide details of major 5) –*
      1. *Fermenta Biotech GmbH: C/o - InterGest Germany GmbH, Straßenbahnring 13, 20251 Hamburg, Germany*
      2. *Fermenta Biotech USA LLC: 919, North Market Street, Suite 950, Wilmington, Delaware, 19801, the United States of America*
      3. *Fermenta USA, LLC: 3524 NE Stallings Dr., Ste. 300, Nacogdoches, Texas 75965*

   *(b) Number of National Locations –*
      1. *Registered office at Thane, Maharashtra;*
      2. *R&D Centre at Thane, Maharashtra;*
      3. *Manufacturing facility at Kullu, Himachal Pradesh;*
      4. *Manufacturing facility at Dahej, Gujarat.*
10. Markets served by the Company – Local/State/National/International – *The Company's products are available nationally as well as exported internationally. Fermenta is one of the leading Vitamin D players globally and supplies Vitamin D3 to more than 300 customers across 50 countries worldwide.*

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): *₹14,71,54,935 (as on March 31, 2021)*
2. Total Turnover (INR): *₹37,943.96 Lakh*
3. Total profit after taxes (INR): *₹5,196.85 Lakh*
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): *Fermenta spent ₹210.10 Lakh for FY 2020-21 accounting to 2% of average net profit for last three financial years in terms of Section 135 of the Companies Act, 2013.*
5. List of activities in which expenditure in 4 above has been incurred: *(a) Promoting health care including preventive health care; (b) Animal welfare; (c) Protection of wildlife; (d) Contribution for the benefit of armed forces veterans; (e) Covid care support.*

## SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? *Yes, as on March 31, 2021, the Company has 7 subsidiary companies.*
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): *Yes, subsidiary companies participate in the Company's BR initiatives.*
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] - *The Company encourages all its business associates to participate in BR initiatives, however, it has not tracked such actual participation of other business entities and, therefore, on assumption it can be said that the percentage of such entities who participate in BR initiatives is less than 30%.*

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR:

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

*1. DIN Number - 09165447*

*2. Name – Mr. Prashant Nagre*

*3. Designation – Managing Director*

*(b) Details of the BR head*

| No. | Particulars | Details |
|---|---|---|
| 1 | DIN Number (if applicable) | 09165447 |
| 2 | Name | Mr. Prashant Nagre |
| 3 | Designation | Managing Director |
| 4 | Telephone number | +91-22-6798 0888 |
| 5 | e-mail id | info@fermentabiotech.com |

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

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

P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 Businesses should promote the well-being of all employees

P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

P5 Businesses should respect and promote human rights

P6 Businesses should respect, protect, and make efforts to restore the environment

P7 Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 Businesses should support inclusive growth and equitable development

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

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

| No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy/ policies for.... (#1) | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? (#2) | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 3 | Does the policy conform to any national / international standards? If yes, specify? (50 words) | Y | Y | Y | Y | Y | Y | N | Y | Y |

| No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 4 | Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? (#3) | Y (Board Director) | Y (ED) | Y (Board Director) | Y (Ch.) | Y (Board Director) | Y (ED) | N | Y (Ch.) | Y (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 | N | Y | Y |
| 6 | Indicate the link for the policy to be viewed online? (#4) | - | - | - | - | - | - | N | - | Y |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 8 | Does the company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 10 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? (#5) | Y | Y | Y | Y | Y | Y | N | Y | Y |

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

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

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

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

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

*[As on the date of this report]*

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

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

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

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

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

## 3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year- *BR performance is assessed annually at the time of approving the Business Responsibility Report which forms part of the Annual Report.*

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? - *The Company publishes Business Responsibility Report, as applicable, which forms part of the Annual Report. The same is made available at https://www.fermentabiotech.com/annual-report.php*

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

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

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

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so: *No complaint received during the FY 2020-21*

### Principle 2

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

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

   *(b) Enzymes for biocatalysis: Enables green synthesis across pharmaceuticals, fine chemicals, leather, food and fragrances as well as biodiesel industries*

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

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

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

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

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

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

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

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

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

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

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

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

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

### Principle 3

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

1. Please indicate the total number of employees. - *580*
2. Please indicate the total number of employees hired on temporary/contractual/casual basis. - *243*
3. Please indicate the number of permanent women employees - *35*
4. Please indicate the number of permanent employees with disabilities - *3*
5. Do you have an employee association that is recognised by management – *Yes*
6. What percentage of your permanent employees is members of this recognised employee association? – *17%*
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

| No. | Category | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|---|---|---|---|
| 1 | Child labour/forced labour/involuntary labour | 0 | 0 |
| 2 | Sexual harassment | 0 | 0 |
| 3 | Discriminatory employment | 0 | 0 |

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

## Principle 4

1. Has the company mapped its internal and external stakeholders? *Yes. Stakeholder identification is a continuous and on-going process at Fermenta.*
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders? *Yes, the company has identified the disadvantaged, vulnerable and marginalised stakeholders.*
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so. – *Fermenta, through CSR initiatives, has undertaken several activities for the empowerment of local communities by partnering with primary as well as special schools. It has also collaborated with the National Association for the Blind to support their work for the visually impaired. Fermenta has also contributed towards rehabilitation of injured personnel of the Armed Forces of India, paediatric cardiac surgeries for the underprivileged, covid care support and other such activities in an attempt to enable the vulnerable to lead better lives.*

## Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? - *The Company's Code of Conduct inter alia lays out the principles to conduct business in a true and fair manner by maintaining transparency and accountability in its operations. The Company also adheres to the corporate governance principles enumerated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding rights of its stakeholders. Further the Company has in place a Social Compliance Policy mainly covering parties engaged through and in relation to the supply chain. The BR policy of the Company mandates the Company to respect and promote human rights. The Company intends to extend the above principles and policies to the group companies, Suppliers, Contractors and all business associates, in letter and spirit.*
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? - *No complaint received during the FY 2020-21.*

## Principle 6

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

   *Fermenta understands the implications of energy consumption, both in terms of its cost to our operations and price the* *environment pays for it. We are committed to invest in newer technologies and processes to enhance our energy efficiency. Our energy management approach hinges on a two-pronged strategy: improving energy and process efficiency, while diversifying our energy portfolio at all locations. Fermenta continues to remain committed to decrease our carbon footprint. We expect to reduce our GHG intensity by 12% objectives for reduction of greenhouse gas (GHG Gas) initiated with Environment friendly gas. We will continue to focus on GHG emission reduction efforts to ensure that we are able to meet our commitment in FY2021*

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

3. Does the company identify and assess potential environmental risks? Y/N.

   *Yes, environmental risks form a part of our operational risks in the Integrated Risk Management framework. Our Environment, Health, and Safety Management System (EHSMS), guides our efforts in managing environmental impacts of our operations. Our manufacturing facilities are ISO 14001:2015 certified for its Environment Management System (EMS). As part of EMS, each facility monitors the environmental risks through an Aspect-Impact study of various activities. Contingency plans have been developed and implemented to prevent, mitigate and control environmental disasters. ISO 14001:2015 system implementation helps us to regularly review the environmental aspects and potential impact of our operation, contractors and suppliers (present at our site), and setting environment target, monitoring and communicating performance, conduct internal audit and develop corrective action plan, capability development and management review. Risk Management Plans are developed. Deviations from laid down policies and procedures are tracked and reviewed by effective procedures of Corrective Action and Preventive Action (CAPA).*

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? - *No projects are undertaken specifically under Clean Development Mechanism; however, the Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control equipment. Its units monitor significant air emission parameters, such as Particulate Matter (PM), Nitrogen Oxides (NOX ) and Sulphur Dioxide (SO2 ), to ensure compliance with the applicable standards. The Company regularly files environmental compliance reports as per the applicable law.*

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

   *The Company adopts a cross-business approach to reduce environmental footprint. It focuses on the areas of clean air and water, preventing soil contamination, optimal utilisation of resources and digitisation of operations by utilising technology for direct energy savings. The Company's state-of-the-art facilities and seamless adoption of technology solutions ensures sustainability of operations.*

   *In line with FBL sustainability commitments, Company's vision is to grow the business whilst decoupling the environmental footprint from growth and increasing the positive social impact. Company has been implementing environmental best practices adopted across the manufacturing operations and has achieved significant reduction of waste, water usage and greenhouse gas (CO2) emission.*

   *Company also segregates and disposes the waste generated in manufacturing operations in an environmentally friendly manner. All our manufacturing sites have not sent any non-hazardous waste to landfills. Company maintained the status of 'zero non-hazardous waste to landfill' in both the manufacturing and offices. 100% of the non-hazardous waste generated at our factories was recycled or reused or sent for energy recovery in environment friendly ways.*

   *Company has undertaken multiple sustainability initiatives, which are elaborated as under:*

   - *Water: The factories have made all possible efforts to reduce water footprint by efficient water usage in non-product applications such as utilities, cleaning activities, gardening and domestic purposes.*
   - *Waste: Factories have identified creative reuse opportunities for various waste streams. For example, reusing packaging material such as drums after washing and cleaning, developing inhouse composing facility for organic waste, sludge reduction by improving efficiency of cleaning process and by introducing sludge drying facilities. All factories have provided segregation at source facilities to improve recyclability.*
   - *Energy: Reduction in total energy footprint through upgradation of equipment is an ongoing activity. During the year some of the key energy optimisation projects carried out are: installation of energy efficient motors, installation of VFDs (advanced digital drives for motors) and centralisation of vacuum pumps at manufacturing sites. Air compressor efficiency improvement and pressure optimisation with excellent results. All the manufacturing units consistently work towards diminishing specific energy consumption. Some of our major initiatives include:*
     - *Adopted new technologies which helped us to decrease energy consumption in process operation*

- *Replaced water ring vacuum pump with oil ring vacuum pump*
- *Heating Ventilation and Air Conditioning (HVAC) system has been installed with energy efficient components*
- *Usage of energy saving lights i.e LEDs*
- *Usage of Variable Frequency Drive (VFD) for reactors, pumps, and blowers*

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

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? - *Yes, emissions/waste generated by the Company is monitored on regular basis and are within the limits prescribed by CPCB / SPCB. We comply with all applicable environmental legislations in the locations we operate from. We monitor and track all parameters as defined by CPCB or SPCBs and ensure they are maintained within norms. All sites are regularly monitored for emission. Ambient air quality including noise is monitored on regular basis.*

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. - *Nil*

## Principle 7

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

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

   *(a) Indian Drug Manufacturers Association (IDMA)*

   *(b) Maharashtra Chamber of Commerce, industry & Agriculture (MACCIA)*

   *(c) Indo German Chamber of Commerce (IGCC)*

   *(d) Pharmaceuticals Export Promotion Council of India (Pharmexcil)*

   *(e) Basic Chemicals, Cosmetics & Dyes Export Promotion Council (Chemexcil)*

   *(f) Confederation of Indian Industry (CII)*

   *(g) Federation of Indian Chambers of Commerce & Industry (FICCI)*

   *(h) Small and Medium Business Development Chamber of India (SME)*

   *(i) Federation of Pharma Entrepreneurs India (FOPE)*

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) - *No.*

## Principle 8

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

   *a. Empowering visually impaired: In collaboration with the National Association for the Blind, India (NAB), Fermenta has earlier contributed towards Braille kits, preventive surgeries and has also set up a music academy. Fermenta decided to take its association with the National Association for the Blind, India (NAB) further and support visually impaired individuals from the weaker sections of the society. NAB identified daily wage labourers or self-employed persons from across India, hence unable to earn their living. Fermenta has contributed to this worthy cause, where NAB will transfer amounts to each person's bank account to purchase essentials, or as venture capital to restart their business.*

   *b. Pediatric cardiac surgeries: Fermenta contributed towards pediatric cardiac surgeries for the underprivileged, in collaboration with Rotary Club of Thane, Premium and Jupiter Hospital.*

   *c. Nurture Nature: Fermenta has signed a Memorandum of Understanding with Sanjay Gandhi National Park (SGNP), Borivali, Mumbai with the objective of ensuring environmental sustainability, protection of flora and fauna, animal welfare, conservation of natural resources and other related activities. As part of the Nurture Nature program, the company has contributed towards infrastructure for maintaining wildlife diversity and forest conservation, requirements for the staff and has also adopted a female leopard cub.*

   *d. Veterans: Fermenta contributed towards wheelchairs for injured defence veterans.*

   *e. Beyond CSR: Our association with Vitamin Angels allows us to contribute towards their activities to eliminate Vitamin A deficiency in mothers and children under five.*

   *f. Our team at the Dahej manufacturing facility contributed whey protein for 1,500+ Gujarat Police personnel, for helping them maintain their health during the pandemic.*

   *g. Help protect our protectors: Fermenta Biotech Limited and Indchemie Health Specialities Private Limited supplied Vitamin D for the benefit of 250,000 Maharashtra Police personnel, as part of their joint CSR initiative "Help Protect Our Protectors".*

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

| *Sr. No.* | *Activity* | *Implementation* |
|---|---|---|
| *1* | *Empowering visually impaired* | *Through National Association for Blind* |
| *2* | *Pediatric cardiac surgeries* | *In collaboration with Jupiter Hospital and Rotary Club of Thane, Premium* |
| *3* | *Nurture Nature* | *In collaboration with Sanjay Gandhi National Park (SGNP)* |
| *4* | *Defence Veterans* | *Through Paraplegic Rehabilitation Centre, Kirkee, Pune* |
| *5* | *Beyond CSR* | *Through Vitamin Angels* |
| *6* | *Whey protein for Gujarat police* | *In-house* |
| *7* | *Help protect our protectors* | *Joint CSR activity with Indchemie Health Specialities Private Limited* |

3. Have you done any impact assessment of your initiative? *Fermenta is committed to maintaining transparency and accountability in its initiatives. The provisions of impact assessment under Companies Act, 2013 are not applicable to the Company for the year under review.*

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken. – *Please refer to the section of the Board's report titled "Annual Report on Corporate Social Responsibility (CSR) Activities".*

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. - *Fermenta includes the participation of local communities as a part of its initiatives, to ensure that they align with the needs of the people. For example, during the pandemic, our team from the Dahej manufacturing facility distributed food packets amongst the labour colony in Dahej and amongst the locals at Lakhigoan; and our programs for the visually impaired are routed through NAB, who understands the needs of these stakeholders.*

### Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year. - *No customer complaints/cases were pending as on March 31, 2021.*

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks (additional information). - *Yes, Fermenta ensures to disclose on or in relation to its products all required information, truthfully and factually, through labelling and other means, including the risks, if any, from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner. All necessary information is disclosed including but not limited to the product's shelf life, strength, intended use, safe and responsible use and storage conditions.*

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. – *No.*

4. Did your company carry out any consumer survey/ consumer satisfaction trends? - *Fermenta conducted a customer survey of a significant sample size of its client base, region-wise, to understand its customers' satisfaction levels and areas of concern. It plans to continue the same in the coming years as a continuous improvement exercise for enabling customer-centricity.*

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

June 29, 2021, Thane
Registered Office:
A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.

# Independent Auditor's Report

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

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Fermenta Biotech Limited (formerly known as DIL Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Key Audit Matters

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

| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1 | <u>Recoverability of MAT credit entitlement - (See Notes 2.2(g) and 45C to the standalone financial statements)</u><br><br>Unused tax credits in the form of MAT credits is recognized to the extent it is reasonably certain that sufficient taxable profits will be available in the future against which such MAT credits can be utilized.<br><br>The Company has recognised MAT credit entitlement amounting to ₹ 5,398.99 Lakhs (presented within deferred tax asset) as at March 31, 2021.<br><br>The recoverability of such MAT credit entitlement is considered as a key audit matter as it involves significant management judgement including accounting estimates relating to profitability forecasts, availability of sufficient taxable income in the future and recoverability within the specified period of time. | <u>Our principal audit procedures performed included, among others:</u><br><br>1. Evaluated the design and implementation and tested the operating effectiveness of controls related to the assessment of recoverability of MAT credit entitlement.<br><br>2. Evaluated and discussed with the Management the appropriateness of assumptions and evidences supporting the underlying profitability forecasts. Assessed the assumptions used in the profitability forecasts along with the Company's tax position including the timing of future taxable profits. We also performed retrospective review and sensitivity analysis on the key assumptions used in aforementioned profitability forecasts for recoverability of MAT credit entitlement.<br><br>3. Assessed the adequacy of disclosures made in the standalone financial statements of the Company. |

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, for example, management discussion and analysis, report of the Board of Directors, etc. but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:

   a) We have sought and 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, the Cash Flow Statement and Statement of Changes in Equity 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.

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". 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, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   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 - See Note 40(ii) to the standalone financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
UDIN: 21036920AAAACO9013

Place: Mumbai
Date: June 29, 2021

# Annexure "A" to the Independent Auditor's Report

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

## Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 owf Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Fermenta Biotech Limited (formerly known as DIL Limited) ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditor's Responsibility

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

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

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

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

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 March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
UDIN: 21036920AAAACO9013

Place: Mumbai
Date: June 29, 2021

# Annexure "B" to the Independent Auditor's Report

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Fermenta Biotech Limited (formerly known as DIL Limited)]

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered indenture of sale, lease deeds and other documents provided to us by the Management of the Company and based on the confirmation directly received by us from lender, in case of the title deed and the lease deed that have been pledged as security for loans taken by the Company, we report that, the title deeds and lease deeds comprising the immovable properties of land and buildings, disclosed under 'Property, Plant and Equipment', 'Right-of-use-asset' and 'Investment Property' in the standalone financial statements, are held in the name of the Company as at the balance sheet date, except as described below:

| Particulars | As at March 31, 2021 | | Remarks |
|---|---|---|---|
| | Cost or deemed cost (in Lakhs) | Carrying amount (in Lakhs) | |
| Freehold land located at Village Takwe (Budruk), Tal – Maval District – Pune admeasuring 21.39 Acres | 8.06 | 8.06 | The land is held in Trust in the name of the Managing Director (now Executive Vice-Chairman) and one of the Directors of the Company, who is also a relative of the Managing Director (now Executive Vice-Chairman), on behalf of the Company and as confirmed by them. |

(ii) As explained to us, the inventories, excluding inventories with third parties, were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. Inventories lying with third parties as at March 31, 2021 have been confirmed by them to the Company.

(iii) According to the information and explanations given to us, in respect of loans granted by the Company, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013:

(a) The Company has not granted any loan during the year ended March 31, 2021 and hence reporting under clause 3(iii)(a) of the Order is not applicable.

(b) The Company had, in the earlier year, granted an unsecured loan repayable on demand to a Company which is an associate. In the absence of repayment schedule of principal and interest being stipulated, we are unable to comment on the regularity of the repayments or receipts of principal amounts and interest.

(c) As stated above, the schedule of repayment of principal and payment of interest is not stipulated. The Company during the earlier year, made an allowance of ₹ 37.00 Lakhs to fully impair the loan. Interest was not being accrued on this loan. As explained to us, the Company's management is not taking any steps for recovery of the principal and interest.

According to the information and explanations given to us, apart from the above, the Company has not granted loans, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable. During the year, the Company has not granted any loan covered under section 185 of the Companies Act, 2013.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit to which the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are applicable and hence reporting under clause 3(v) of the Order is not applicable.

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

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

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs duty, Goods and Services Tax and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs duty, Goods and Services Tax and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

According to the records of the Company, the dues of Sales Tax and Service Tax on account of disputes as on March 31, 2021 are given below:

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

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

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

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

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

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

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

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties identified by the Management of the Company and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

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

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

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

**For Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Rajesh K. Hiranandani**
Partner
(Membership No. 36920)
UDIN: 21036920AAAACP6782

Place: Mumbai
Date: June 29, 2021

# Standalone Balance Sheet

## as at March 31, 2021

(₹ in Lakhs)

| | Notes | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 15,375.65 | 10,395.19 |
| (b) Capital work-in-progress | | 5,270.11 | 6,707.51 |
| (c) Right-of-use assets | 4 | 1,471.82 | 1,615.70 |
| (d) Investment property | 5 | 6,820.29 | 7,075.00 |
| (e) Goodwill | | 411.65 | 411.65 |
| (f) Other Intangible assets | 6 | 877.44 | 184.06 |
| (g) Intangible assets under development | | 420.55 | 369.38 |
| (h) Investments | | | |
| i) Investments in subsidiaries | 7A | 1,270.02 | 85.30 |
| ii) Investments in an associate | 7B | - | - |
| (i) Financial assets | | | |
| (i) Investments | 7C | 24.94 | 25.60 |
| (ii) Share application money | 8 | - | - |
| (iii) Loans | 9 | 1.85 | 25.00 |
| (iv) Other financial assets | 10 | 219.25 | 405.68 |
| (j) Deferred tax assets (net) | 45C | 3,811.18 | 3,809.95 |
| (k) Non-current tax assets (net) | 11 | 1,129.52 | 906.59 |
| (l) Other non-current assets | 12 | 353.25 | 698.88 |
| Total non-current assets | | 37,457.52 | 32,715.49 |
| Current assets | | | |
| (a) Inventories | 13 | 13,279.27 | 11,354.43 |
| (b) Financial assets | | | |
| (i) Trade receivables | 14 | 9,611.96 | 7,744.28 |
| (ii) Cash and cash equivalents | 15 | 1,356.57 | 677.41 |
| (iii) Bank balances other than (ii) above | 16 | 2,773.80 | 2,559.54 |
| (iv) Loans | 17 | 476.60 | 2,130.00 |
| (v) Other financial assets | 18 | 795.01 | 1,294.12 |
| (c) Other current assets | 19 | 2,503.05 | 2,485.79 |
| Total current assets | | 30,796.26 | 28,245.57 |
| TOTAL ASSETS | | 68,253.78 | 60,961.06 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 20 | 1,442.37 | 1,442.37 |
| (b) Other equity | 21 | 35,602.45 | 29,817.82 |
| Total equity | | 37,044.82 | 31,260.19 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 22 | 11,043.80 | 10,178.67 |
| (ii) Lease liabilities | 43 | 349.01 | 450.96 |
| (iii) Other financial liabilities | 23 | 47.82 | 59.44 |
| (b) Provisions | 24 | 449.20 | 405.83 |
| (c) Other non-current liabilities | 25 | 34.04 | 54.93 |
| Total non-current liabilities | | 11,923.87 | 11,149.83 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 26 | 9,629.95 | 10,433.30 |
| (ii) Lease liabilities | 43 | 116.46 | 105.19 |
| (iii) Trade payables | | | |
| (A) Total outstanding dues of micro and small enterprises and; | 49 | 78.34 | 98.01 |
| (B) Total outstanding dues of creditors other than micro and small enterprises | | 4,491.51 | 4,619.37 |
| (iv) Other financial liabilities | 27 | 4,103.35 | 2,973.78 |
| (b) Other current liabilities | 28 | 758.60 | 233.61 |
| (c) Provisions | 29 | 74.87 | 55.76 |
| (d) Current tax liabilities (net) | 30 | 32.01 | 32.02 |
| Total current liabilities | | 19,285.09 | 18,551.04 |
| TOTAL EQUITY AND LIABILITIES | | 68,253.78 | 60,961.06 |
| See accompanying notes to the Standalone financial statements | 1-62 | | |

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
*Chartered Accountants*

**Rajesh K. Hiranandani**
*Partner*

Mumbai, June 29, 2021

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

**Krishna Datla**
*Executive-Vice Chairman*

**Prashant Nagre**
*Managing Director*

**Satish Varma**
*Executive Director*

**Sumesh Gandhi**
*Chief Financial Officer*

**Srikant N. Sharma**
*Company Secretary*

Mumbai, June 29, 2021

# Standalone Statement of Profit and Loss

for the year ended March 31, 2021

( ₹ in Lakhs )

| | Notes | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 31 | 37,282.15 | 30,050.65 |
| Other income | 32 | 661.81 | 1,231.32 |
| **Total income** | | **37,943.96** | **31,281.97** |
| **Expenses** | | | |
| Cost of materials consumed | 33 | 13,883.49 | 10,296.33 |
| Purchases of stock-in-trade | | 68.31 | 50.15 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 34 | (1,587.56) | (2,078.85) |
| Employee benefits expense | 35 | 5,749.88 | 5,003.15 |
| Finance costs | 36 | 1,807.48 | 1,932.04 |
| Depreciation and amortisation expense | 37 | 1,903.14 | 1,493.83 |
| Other expenses | 38 | 9,796.32 | 9,830.66 |
| **Total expenses** | | **31,621.06** | **26,527.31** |
| **Profit before tax** | | **6,322.90** | **4,754.66** |
| **Tax expense:** | | | |
| Current tax | 58 | 1,125.79 | 336.55 |
| Deferred tax charge / (credit) | 45C & 58 | 0.26 | (1,948.92) |
| **Total tax expense** | | **1,126.05** | **(1,612.37)** |
| **Profit for the year** | | **5,196.85** | **6,367.04** |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| (a) (i) Remeasurements of defined benefit plan | | (5.11) | 240.63 |
| (ii) Income tax relating to remeasurements of defined benefit plan | | 1.49 | (70.07) |
| (b) Net fair value change in investment in equity instruments through other comprehensive income | | (0.65) | 11.34 |
| **Total other comprehensive income / (loss) for the year (a+b)** | | **(4.27)** | **181.90** |
| **Total comprehensive income for the year** | | **5,192.58** | **6,548.94** |
| **Earnings per equity share of ₹ 5 each** | 42 | | |
| Basic (in ₹) | | 18.02 | 22.07 |
| Diluted (in ₹) | | 17.92 | 21.96 |
| **See accompanying notes to the Standalone financial statements** | 1-62 | | |

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
*Chartered Accountants*

**Rajesh K. Hiranandani**
*Partner*

Mumbai, June 29, 2021

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

**Krishna Datla**
*Executive-Vice Chairman*

**Prashant Nagre**
*Managing Director*

**Satish Varma**
*Executive Director*

**Sumesh Gandhi**
*Chief Financial Officer*

**Srikant N. Sharma**
*Company Secretary*

Mumbai, June 29, 2021

# Standalone Statement of Changes in Equity

for the year ended March 31, 2021

## (a) Equity share capital

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Balance at the beginning of the year | 1,442.37 | 458.64 |
| Add: Issue of shares pursuant to scheme of amalgamation (Refer note 1.2) | - | 22.15 |
| Add: Issue of Bonus shares | - | 961.58 |
| **Balance at the end of the year** | 1,442.37 | 1,442.37 |

## (b) Other equity

(₹ in Lakhs)

| | Reserves and Surplus | | | | | | | Items of other comprehensive income | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Unrealised gain/(loss) on dilution | Capital redemption reserve | Capital reserve pursuant to amalgamation | Capital reserve | General reserve | Share options outstanding account | Retained earnings | Equity instruments through OCI | |
| **Balance as at April 01, 2019** | (4,242.23) | 70.00 | 1,074.20 | 1,140.00 | 4,507.38 | 52.80 | 21,853.90 | 11.83 | 24,467.88 |
| Profit for the year | - | - | - | - | - | - | 6,367.04 | - | 6,367.04 |
| Recognition of share based payments | - | - | - | - | - | 554.69 | - | - | 554.69 |
| Payment of dividend (including dividend distribution tax) | - | - | - | - | - | - | (719.84) | - | (719.84) |
| Incremental expenses on amalgamation | - | - | - | - | - | - | (72.27) | - | (72.27) |
| Utilised for issue of bonus shares | - | - | - | - | (961.58) | - | - | - | (961.58) |
| Other comprehensive income for the year | - | - | - | - | - | - | 170.56 | 11.34 | 181.90 |
| **Balance as at March 31, 2020** | (4,242.23) | 70.00 | 1,074.20 | 1,140.00 | 3,545.80 | 607.49 | 27,599.39 | 23.17 | 29,817.82 |
| Profit for the year | - | - | - | - | - | - | 5,196.85 | - | 5,196.85 |
| Recognition of share based payments | - | - | - | - | - | 592.05 | - | - | 592.05 |
| Other comprehensive income for the year | - | - | - | - | - | - | (3.62) | (0.65) | (4.27) |
| **Balance as at March 31, 2021** | (4,242.23) | 70.00 | 1,074.20 | 1,140.00 | 3,545.80 | 1,199.54 | 32,792.62 | 22.52 | 35,602.45 |

*Represents remeasurement of defined benefit plan

See accompanying notes 1-62 to the Standalone financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
*Chartered Accountants*

**Rajesh K. Hiranandani**
*Partner*

Mumbai, June 29, 2021

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

**Krishna Datla**
*Executive-Vice Chairman*

**Prashant Nagre**
*Managing Director*

**Satish Varma**
*Executive Director*

**Sumesh Gandhi**
*Chief Financial Officer*

**Srikant N. Sharma**
*Company Secretary*

Mumbai, June 29, 2021

# Standalone Cash Flow Statement

for the year ended March 31, 2021

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 6,322.90 | 4,754.66 |
| **Adjustments for :** | | |
| Depreciation and amortisation expense | 1,903.14 | 1,493.83 |
| Net unrealised foreign exchange gain /(loss) | (206.32) | 81.72 |
| Loss on sale/write off of property, plant and equipment (net) | 16.03 | 15.53 |
| Allowance for doubtful debts | 118.96 | 91.46 |
| Share based payments to employees | 592.05 | 554.69 |
| Finance costs | 1,807.48 | 1,932.04 |
| Interest income | (354.61) | (564.53) |
| Dividend income | (0.58) | (0.44) |
| Liabilities / provisions no longer required written back | (54.21) | (296.59) |
| Trade receivable and advances written off | 90.96 | 42.33 |
| Allowance for doubtful advances | - | 31.96 |
| Impairment in the value of non-current investments | - | 47.53 |
| Gain on sale of financial assets - current investments | - | (4.81) |
| Net loss on fair value changes of derivatives measured at FVTPL | 110.15 | - |
| **Operating profit before working capital changes** | **10,345.95** | **8,179.38** |
| **Movements in working capital:** | | |
| Increase in trade receivables | (1,561.90) | (751.38) |
| Increase in inventories | (1,924.84) | (2,587.90) |
| Decrease in other assets | 127.50 | 476.01 |
| Increase / (decrease) in trade payables | (59.27) | 566.21 |
| Increase in provisions | 57.37 | 14.01 |
| Increase / (decrease) in other liabilities | 659.67 | (1,521.63) |
| | **7,644.48** | **4,374.70** |
| Income taxes paid (net of refunds) | (1,348.73) | (1,391.41) |
| **Net cash generated from operations (A)** | **6,295.75** | **2,983.29** |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for purchase of property, plant and equipment, investment property, capital work-in-progress, intangible assets and intangible assets under development | (5,491.96) | (6,380.75) |
| Proceeds on sale of property, plant and equipment | 1.32 | - |
| Intercorporate deposits given | - | (980.00) |
| Intercorporate deposits received back | 1,655.00 | - |
| Interest received | 478.80 | 460.09 |
| Proceeds from share application money received back | - | 597.00 |
| Proceeds from sale of current investments | - | 119.60 |
| Purchase of investments - In a subsidiary | (1,184.72) | (19.33) |
| Dividend received | 0.58 | 0.44 |
| Deposits received back from a financial institution / ( with a financial institution) | 400.00 | (300.00) |
| Deposits with banks not considered as cash and cash equivalents (net) | (219.70) | 2,583.88 |
| **Net cash used in investing activities (B)** | **(4,360.68)** | **(3,919.07)** |

# Standalone Cash Flow Statement

for the year ended March 31, 2021

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from long term borrowings | 2,916.54 | 3,085.98 |
| Repayment of long term borrowings | (1,500.49) | (6,528.31) |
| Net increase in short term borrowings | 358.46 | 1,688.96 |
| Finance costs | (1,753.43) | (2,055.93) |
| Repayment of Lease Liabilities | (153.41) | (231.85) |
| Dividends paid | - | (597.16) |
| Dividend distribution tax paid | - | (124.42) |
| **Net cash used in financing activities (C)** | **(132.33)** | **(4,762.73)** |
| **Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)** | 1,802.74 | (5,698.51) |
| Cash and cash equivalents at the beginning of the year | (1,896.48) | 3,802.03 |
| **Cash and cash equivalents at the end of the year** | **(93.74)** | **(1,896.48)** |
| **Components of cash and cash equivalents** | | |
| Cash on hand | 4.77 | 4.31 |
| Balances with banks: | | |
| In current accounts | 1,022.65 | 673.10 |
| Deposits with original maturity of less than 3 months | 329.15 | - |
| Cash and cash equivalents (Refer note 15) | 1,356.57 | 677.41 |
| Cash credit and Bank overdraft facilities included under loans repayable on demand (Refer note 26) | (1,450.31) | (2,573.89) |
| **Total cash and cash equivalents considered for cash flows** | **(93.74)** | **(1,896.48)** |

See accompanying notes to the Standalone financial statements 1-62

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
*Chartered Accountants*

**Rajesh K. Hiranandani**
*Partner*

Mumbai, June 29, 2021

**For and on behalf of the Board of Directors of**
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*Executive-Vice Chairman*

**Prashant Nagre**
*Managing Director*

**Satish Varma**
*Executive Director*

**Sumesh Gandhi**
*Chief Financial Officer*

**Srikant N. Sharma**
*Company Secretary*

Mumbai, June 29, 2021

# Notes to the Standalone financial statements

for the year ended March 31, 2021

### 1.1 Corporate information

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

### 1.2 Scheme of amalgamation

The National Company Law Tribunal, Mumbai Bench, had approved the Scheme of Amalgamation between the Company and Fermenta Biotech Limited (FBL) and their respective shareholders. The Scheme had become effective from September 26, 2019. The appointed date of the Scheme was April 01, 2018. The amalgamation had been accounted as common control transaction in accordance with Appendix C of Ind AS 103 'Business Combinations'.

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

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

## 2. Significant accounting policies

### 2.1 Statement of compliance

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

### 2.2 Basis of preparation and presentation

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

#### (a) Fair Value Measurement

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

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

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

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

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

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

(b) Operating cycle

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

(c) Goodwill

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

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

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

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

(d) Foreign currencies

Foreign currency transactions

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

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

(e) Borrowing costs

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

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

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

(f) Employee Benefits

i) Defined contribution plans: The Company contributes towards state governed provident fund scheme, employee state insurance scheme (ESIC) and labour welfare fund to all applicable employees and superannuation scheme for eligible employees. The Company has no further payment obligations once the contributions have been paid. Hence payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

ii) Defined benefit plan: The employees' gratuity fund scheme represents the defined benefit plan. The cost of providing benefits is determined using projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the assets (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other

# Notes to the Standalone financial statements

for the year ended March 31, 2021

comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

i) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

ii) net interest expenses or income; and

iii) remeasurement

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

iii) Share-based payments:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 57.

(a) Includes impact of market performance conditions (e.g. entity's share price)

(b) Excludes impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

(c) Excludes the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time)

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

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

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

## (g) Income Taxes

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

i) Current tax:

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

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances

ii) Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under the Income Tax Act, 1961.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognized for all the deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

iii) Presentation of current and deferred tax:

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

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

### (h) Revenue recognition

The Company derives revenues primarily from sale of manufactured chemicals, bulk drugs, enzymes, pharmaceutical formulations, environmental solution products and rental income from investment property. Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Amounts collected on behalf of third parties such as Goods and Services Tax are excluded from revenue.

Sale of Goods:

The Company recognises revenue when it transfers control of a product or service to a customer. The control of goods is transferred to the customer depending upon the incoterms or as agreed with customer or delivery basis. Control is considered to be transferred to the customer:

- when the customer has ability to direct the use of such goods and obtain substantially all the benefits from it such as following delivery,
- the customer has full discretion over the manner of distribution and price to sell the goods,
- the customer has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

# Notes to the Standalone financial statements

for the year ended March 31, 2021

Rental income from investment in property

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Rendering of services:

Revenue from services rendered is recognised pro-rata over the period of the contract as the underlying services are performed.

Infrastructure support services, consists of maintenance of common area in the investment property and supply of essentials. Revenue from such services are recognised in accordance with the terms of the agreement entered into with individual lessees.

Interest and dividend:

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

Interest on income tax refund is recognised on receipt of refund order.

Dividend income is recognized when the Company's right to receive payment is established which is generally when shareholders approve the dividend.

Export Incentives:

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit under the Duty Drawback, Mercantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head "Other Operating Revenue" in the standalone statement of profit and loss and is accounted in the year of export.

## (i) Property, plant and equipment (PPE)

The Company had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its property, plant and equipment.

Measurement at recognition:

Items of property, plant and equipment are stated in balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of property, plant and equipment and is recognised in profit or loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C of Schedule II of the Companies Act, 2013 and based on assessment / estimate made by management. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of property, plant and equipment are as follows:

| Assets | Estimated useful life (in years) |
|---|---|
| Buildings | 30-60 |
| Lease hold improvements (included in buildings) | 5-10 |
| Plant and equipment | 5-20 |
| Office Equipment (included in plant and equipment) | 5-6 |
| Computers (included in plant and equipment) | 3-6 |
| Furniture and fixtures | 6-10 |
| Vehicles | 8 |

### (j) Investment property

The Company had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its investment property.

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured-initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 requirements for cost model.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property

(b) commencement of development with a view to sale, for a transfer from investment property to inventories

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property;

(d) commencement of an operating lease to another party, for a transfer from inventories to investment property

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

The estimated useful lives of Investment property are as follows:

| Assets | Estimated useful life (in years) |
|---|---|
| Building | 60 |
| Plant and equipment | 15 |

### (k) Intangible assets

#### (a) Intangible assets acquired separately

The Company had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its intangible assets.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from use or disposal. Any gain or loss arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in standalone statement of profit and loss when the assets is derecognised.

# Notes to the Standalone financial statements

for the year ended March 31, 2021

(b) Internally-generated intangible assets - Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An Internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if, all the below stated conditions are fulfilled:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) its intention to complete the asset and use or sell it;

(iii) its ability to use or sell the asset;

(iv) how the asset will generate probable future economic benefits;

(v) the availability of adequate resources to complete the development and to use or sell the asset; and

(vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible assets first meets the recognition criteria listed above. Where no internally-generated intangible assets can be recognised, development expenditure is recognised in the standalone statement of profit and loss in the period in which incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible as intangible assets that are acquired separately.

The estimated useful lives of intangible assets are as follows:

| Assets | Estimated useful life (in years) |
|---|---|
| Computer software | 3-6 |
| Product know-how | 3-5 |

## (l) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the assets belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for a reasonable and consistent allocation basis to be identified.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i)in the case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in the case of a cash generating unit (a Group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

[The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Company suitably adjusted for risks specified to the estimated cash flows of the asset.]

For this purpose, a cash generating unit is ascertained as the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

If recoverable amount of an asset (or a cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the standalone statement of profit and loss.

### (m) Impairment of goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Any impairment loss for goodwill is recognised directly in profit or loss and is not reversed in subsequent periods.

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

### (n) Inventories

Inventories consisting of raw materials and packing materials, work-in-progress, stock-in-trade and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost of raw materials and packing materials and stock-in-trade comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

### (o) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

#### Financial assets

##### Initial recognition and measurement:

All financial assets are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial asset on initial recognition. Transaction costs directly attributable to the acquisition of financial assets as at fair value through profit or loss are recognised immediately in profit or loss. All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales of financial assets are financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories -

(1) Debt instruments at amortised cost

(2) Debt instruments at fair value through other comprehensive income (FVTOCI)

(3) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

(4) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**(1) Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost, if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

# Notes to the Standalone financial statements

for the year ended March 31, 2021

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income of the Statement of profit and loss. The losses arising from impairment are recognised in the Statement of profit or loss.

(2) Debt instrument at FVTOCI

A 'debt instrument' is measured as at FVTOCI, if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the contractual terms of the instrument that give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.
- Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognise interest income, impairment losses and reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

(3) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

(4) Equity Instruments

All equity Instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument including foreign exchange gain or loss, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

1) The contractual rights to receive cash flows from the asset have expired, or
2) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
   (a) The Company has transferred substantially all the risks and rewards of the asset, or
   (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement; in that case the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial assets, and guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit adjusted effective interest rate for purchase or originated credit-impaired financial assets). The Company estimates cash flow by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if the default occurs within the 12-months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12-months.

If the Company's measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risks has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Financial liabilities and equity instruments

Classification as debts or equity:

Debts and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

Initial recognition and measurement:

All financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities as at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement:

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit, or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit and loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in note 50A.

Financial liabilities at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### (p) Leasing

The Company has applied Ind AS 116 – Leases which is effective on or after April 1, 2019.

The Company as a lessee:

The Company's lease asset classes primarily consist of leases for Residential premises, Office Premises, Godown, Industrials land and Vehicle. The Company assesses whether a contract contains a lease, at inception of a contract.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The right-of-use assets and lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

The lease payments that are not paid at the commencement date are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments) payable during the lease term and under reasonably certain extension options, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components when bifurcation of the payments is not available between the two components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient. Contingent and variable rentals are recognized as expense in the periods in which they are incurred.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

# Notes to the Standalone financial statements

for the year ended March 31, 2021

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Ind AS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Extension and termination options are included in many of the leases. In determining the lease term the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Effective April 1, 2019, the Company has adopted IND AS 116 "Leases" and applied to lease contracts existing on April 1, 2019, by electing 'retrospective approach with the cumulative effect at the date of initial application'. The impact of adoption of the standards is not material on the profit after tax for the year ended March 31, 2020 in the standalone financial statements.

Also refer Note 43.

In respect of short-term leases and leases of low-value assets, the Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

<u>The Company as a lessor</u>

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Ind AS 116 does not change substantially how a lessor accounts for leases. Under Ind AS 116, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, Ind AS 116 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

## (q) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows when the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent assets are not recognized in the financial statements of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### (r) Earnings per share

The Company presents basic and diluted earnings per share data for its equity shares.

Basic earnings per share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. Diluted earnings per share is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

### (s) Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of cash credit balances and bank overdrafts as they are considered an integral part of the Company's cash management.

### (t) Operating segments:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments of the Company and accordingly is identified as the chief operating decision maker.

### (u) Cash dividends to equity holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### (v) Use of estimates and judgements

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

<u>Fair value measurement of financial instruments:</u>

When the fair values of financials assets and financial liabilities recorded in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions.

<u>Useful lives of property, plant and equipment, investment property and intangible assets:</u>

Property, plant and equipment, investment property and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets

# Notes to the Standalone financial statements

for the year ended March 31, 2021

are determined by the management at the time when the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Assets and obligations relating to employee benefits:

The employment benefit obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of employment benefit obligations.

Tax expense: [refer note 2(g) and note 45]

The Company's tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes, if any, including amount expected to be paid/recovered for uncertain tax positions. Further, significant judgement is exercised to ascertain amount of deferred tax asset (DTA) that could be recognised based on the probability that future taxable profits will be available against which DTA can be utilized and amount of temporary difference in which DTA cannot be recognised on want of probable taxable profits.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists

Valuation of investment property [refer note 56]

Impairment of tangible and intangible assets other than goodwill [refer note 2(i)]

Impairment of Goodwill [Refer note 2(m)]

Provisions: [refer note 2(q)]

Write down in value of inventories: (refer note 13)

Estimation of uncertainty relating to COVID-19 global health pandemic – (Refer note 61)

## 3 Property, plant and equipment

(₹ in Lakhs )

| Particulars | Freehold land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Leasehold Improvements | Total |
|---|---|---|---|---|---|---|---|
| At cost or deemed cost as at April 01, 2019 | 34.30 | 4,068.82 | 7,017.26 | 403.10 | 276.21 | 192.77 | 11,992.46 |
| Additions | - | 119.17 | 1,289.65 | 24.55 | 13.92 | 254.74 | 1,702.03 |
| Disposals | - | - | (15.09) | - | (10.20) | - | (25.29) |
| Balance as at March 31, 2020 | 34.30 | 4,187.99 | 8,291.82 | 427.65 | 279.93 | 447.51 | 13,669.20 |
| Additions | - | 1,461.52 | 4,594.08 | 71.02 | 161.24 | - | 6,287.86 |
| Disposals | - | - | (37.89) | (9.05) | (0.45) | - | (47.39) |
| Balance as at March 31, 2021 | 34.30 | 5,649.51 | 12,848.01 | 489.62 | 440.72 | 447.51 | 19,909.67 |
| Accumulated depreciation | | | | | | | |
| As at April 01, 2019 | - | 479.27 | 1,560.44 | 105.10 | 95.77 | 29.07 | 2,269.65 |
| Depreciation expense | - | 182.35 | 678.12 | 70.61 | 32.39 | 50.89 | 1,014.36 |
| Disposals | - | - | (3.69) | - | (6.31) | - | (10.00) |
| Balance as at March 31, 2020 | - | 661.62 | 2,234.87 | 175.71 | 121.85 | 79.96 | 3,274.01 |
| Depreciation expense | - | 217.93 | 897.52 | 76.67 | 34.57 | 63.36 | 1,290.05 |
| Disposals | - | - | (20.59) | (9.05) | (0.40) | - | (30.04) |
| Balance as at March 31, 2021 | - | 879.55 | 3,111.80 | 243.33 | 156.02 | 143.32 | 4,534.02 |
| Carrying amount | | | | | | | |
| As at March 31, 2020 | 34.30 | 3,526.37 | 6,056.95 | 251.94 | 158.08 | 367.55 | 10,395.19 |
| As at March 31, 2021 | 34.30 | 4,769.96 | 9,736.21 | 246.29 | 284.70 | 304.19 | 15,375.65 |

(Refer Notes 22 and 26- For details of assets pledged as security)

## 4 Right-of-Use Assets

(₹ in Lakhs )

| Particulars | Freehold land | Buildings | Vehicles | Total |
|---|---|---|---|---|
| At cost as at April 01, 2019 | 1,055.85 | 546.50 | 149.01 | 1,751.36 |
| Additions | - | - | 17.20 | 17.20 |
| Disposals | - | - | - | - |
| Balance as at March 31, 2020 | 1,055.85 | 546.50 | 166.21 | 1,768.56 |
| Additions | - | 13.73 | - | 13.73 |
| Disposals | - | - | - | - |
| Balance as at March 31, 2021 | 1,055.85 | 560.23 | 166.21 | 1,782.29 |
| Accumulated depreciation | | | | |
| As at April 01, 2019 | - | - | - | - |
| Depreciation expense | 18.38 | 83.19 | 51.29 | 152.86 |
| Balance as at March 31, 2020 | 18.38 | 83.19 | 51.29 | 152.86 |
| Depreciation expense | 18.33 | 85.98 | 53.30 | 157.61 |
| Disposals | - | - | - | - |
| Balance as at March 31, 2021 | 36.71 | 169.17 | 104.59 | 310.47 |
| Carrying amount | | | | |
| As at March 31, 2020 | 1,037.47 | 463.31 | 114.92 | 1,615.70 |
| As at March 31, 2021 | 1,019.14 | 391.06 | 61.62 | 1,471.82 |

(Refer Notes 22 and 26- For details of assets pledged as security)

(Refer Note 43)

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 5 Investment property

(₹ in Lakhs )

| Particulars | Freehold land | Buildings | Plant and equipment | Total |
|---|---|---|---|---|
| At cost or deemed cost as at April 01, 2019 | 20.79 | 6,033.19 | 2,039.74 | 8,093.72 |
| Additions | - | - | - | - |
| Balance as at March 31, 2020 | 20.79 | 6,033.19 | 2,039.74 | 8,093.72 |
| Additions | - | - | - | - |
| Disposal | - | - | - | - |
| Balance as at March 31, 2021 | 20.79 | 6,033.19 | 2,039.74 | 8,093.72 |
| Accumulated depreciation | | | | |
| As at April 01, 2019 | - | 368.57 | 394.60 | 763.17 |
| Depreciation expense | - | 123.68 | 131.87 | 255.55 |
| Balance as at March 31, 2020 | - | 492.25 | 526.47 | 1,018.72 |
| Depreciation expense | - | 122.84 | 131.87 | 254.71 |
| Balance as at March 31, 2021 | - | 615.09 | 658.34 | 1,273.43 |
| Carrying amount | | | | |
| As at March 31, 2020 | 20.79 | 5,540.94 | 1,513.27 | 7,075.00 |
| As at March 31, 2021 | 20.79 | 5,418.10 | 1,381.40 | 6,820.29 |

Notes:

Land includes ₹ 8.06 Lakhs, being cost of land held in trust by the Managing Director (now Executive-Vice Chairman) and one of the Directors of the Company, who is also relative of the Managing Director (now Executive-Vice Chairman), on behalf of the Company.

Refer notes 22 and 26 - For details of assets pledged as security

## 6 Other Intangible assets

(₹ in Lakhs )

| Particulars | Computer software | Product know -how | Total |
|---|---|---|---|
| At cost or deemed cost as at April 01, 2019 | 325.03 | 59.72 | 384.75 |
| Additions | 24.92 | - | 24.92 |
| Balance as at March 31, 2020 | 349.95 | 59.72 | 409.67 |
| Additions | 2.99 | 891.15 | 894.14 |
| Balance as at March 31, 2021 | 352.94 | 950.87 | 1,303.81 |
| Accumulated amortisation | | | |
| As at April 01, 2019 | 103.73 | 50.82 | 154.55 |
| Amortisation expense | 66.61 | 4.45 | 71.06 |
| Balance as at March 31, 2020 | 170.34 | 55.27 | 225.61 |
| Amortisation expense | 65.66 | 135.10 | 200.76 |
| Balance as at March 31, 2021 | 236.00 | 190.37 | 426.37 |
| Carrying amount | | | |
| As at March 31, 2020 | 179.61 | 4.45 | 184.06 |
| As at March 31, 2021 | 116.94 | 760.50 | 877.44 |

Refer note 51

## 7A Investments in subsidiaries - in equity instruments unquoted (Fully paid up) (At cost less impairment in the value of investments, if any)

(₹ in Lakhs )

| | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| a) | G. I. Biotech Private Limited | 0.63 | 0.63 |
| | 6,250 Equity shares of ₹ 10/- each. (as at March 31, 2020: 6,250 Equity shares of ₹ 10/- each) (Refer note 1 below) | | |
| b) | Fermenta Biotech (UK) Limited | 183.99 | 183.99 |
| | 220,001 Equity Shares of G. B. Pound 1/- each. (as at March 31, 2020: 220,001 Shares of G. B . Pound 1/- each) | | |
| | Less: Impairment in the value of investment | (148.65) | (148.65) |
| | | **35.34** | **35.34** |
| c) | Aegean Properties Limited | 30.00 | 30.00 |
| | 30,000 Equity shares of ₹ 100/- each (as at March 31, 2020: 30,000 Equity shares of ₹ 100/- each ) | | |
| d) | C.C. Square Films Limited | 5.00 | 5.00 |
| | 50,000 Equity shares of ₹ 10/- each. (as at March 31, 2020: 50,000 Equity shares of ₹ 10/- each.) (Refer note 2 below) | | |
| | Less: Impairment in the value of investment | (5.00) | (5.00) |
| e) | Fermenta Biotech GmbH | | |
| | 25,000 Equity shares of Euro 1/- each. (as at March 31, 2020:25,000 Equity shares of Euro 1/- each) | 19.33 | 19.33 |
| f) | Fermenta Biotech USA LLC | | |
| | Contribution towards membership interest USD 1600000 Lakhs (as at March 31, 2020: NiL) | 1,184.72 | - |
| | | 1,270.02 | 85.30 |
| | Aggregate amount of unquoted investments before impairment | 1,423.67 | 238.95 |
| | Aggregate amount of impairment in value of investments | 153.65 | 153.65 |

Notes

1 During the year ended March 31, 2009, the Company had entered into an agreement for transfer of the throat lozenge business along with the trademark "Astrasept" and the related movable assets for a consideration of ₹ 8.00 Lakhs to its wholly owned subsidiary G.I.Biotech Private Limited (G.I). Simultaneously, the Company also entered into a share transfer agreement with Ronator Investments Limited (R I), a company incorporated under the legal provisions of Cyprus, to transfer its entire shareholding in G.I in four instalments to be completed by February 10, 2009 for a total consideration of USD 4.00 Lakhs. In accordance with the share transfer agreement, the Company sold 3750 shares for consideration of USD 1.50 Lakhs and recorded a profit of ₹ 70.60 Lakhs in the year ended March 2009. The time limit stipulated for completion of the share transfer agreement and completion of transaction was extended till March 31, 2022..

2 Application for strike off of CC Square Films Limited was made to Ministry Of Corporate Affairs before March 31, 2021, however, the status on Ministry Of Corporate Affairs website is 'Under Process of Striking Off'.

3 These investments are held in the name of the Company.

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 7B Investment in associate - In equity instruments Unquoted (Fully paid up) (At cost less impairment in value of investments, if any)

(₹ in Lakhs )

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Health and Wellness India Private Limited | | |
| 30,12,504 Equity shares of ₹ 10/- each (as at March 31, 2020 - 30,12,504 Equity shares of ₹ 10/- each) | 475.00 | 475.00 |
| Less: Impairment in the value of investment | (475.00) | (475.00) |
| | - | - |
| Aggregate amount of unquoted investments before impairment. | 475.00 | 475.00 |
| Aggregate amount of impairment in value of investments. | 475.00 | 475.00 |

## 7C Investments (non-current)

(₹ in Lakhs )

| | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| Investment in other entities - In equity instruments: | | | |
| (i) | Unquoted Investments (all fully paid up) | | |
| (a) | Investments in equity instruments at FVTOCI | | |
| | Shivalik Solid Waste Management Limited | 4.11 | 4.11 |
| | 20,000 Equity shares of ₹ 10/- each. (as at March 31, 2020: 20,000 Equity shares of ₹ 10/- each) | | |
| | Zela Wellness Private Limited | 126.52 | 126.52 |
| | 58,048 Equity shares of ₹ 10/- each. (as at March 31, 2020: 58,048 Equity shares of ₹ 10/- each) | | |
| | Less: Impairment in the value of investment | (126.52) | (126.52) |
| | | - | - |
| (b) | Investments in equity instruments at FVTPL | | |
| | Biodil Marsing Private Limited | | |
| | Nil Equity shares (as at March 31, 2020: 59,000 Equity shares of ₹ 10/- each) (Refer note 1 below) | - | 5.90 |
| | Less: Impairment in the value of investment | - | (5.90) |
| | | - | - |
| | Total aggregate unquoted investments (A) | 4.11 | 4.11 |
| (ii) | Quoted Investment (all fully paid) | | |
| | Investment in equity instruments at FVTOCI | | |
| | Abbott India Limited | 20.83 | 21.49 |
| | 139 Equity shares of ₹ 10/- each. (as at March 31, 2020: 139 Equity shares of ₹ 10/- each) | | |
| | Total aggregate quoted investments (B) | 20.83 | 21.49 |
| | Total Non-current investments (A+B) | 24.94 | 25.60 |
| | Aggregate carrying value of unquoted investments before impairment | 130.63 | 136.53 |
| | Aggregate amount of quoted investments and market value thereof | 20.83 | 21.49 |
| | Aggregate amount of impairment in value of investments | 126.52 | 132.42 |

Note

1) During the year ended March 31, 2021 Ms. Biodil Marsing Private Limited has been closed down.

## 8 Share application money

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Health and Wellness India Private Limited | 309.86 | 309.86 |
| Less: Impairment in the value of share application money | (309.86) | (309.86) |
| Total | - | - |

## 9 Loans ( Non-current )

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Loan to employees, considered good - unsecured | 1.85 | 25.00 |
| Inter corporate deposit - considered doubtful - unsecured | 37.00 | 37.00 |
| Less : Allowance for doubtful inter corporate deposit | (37.00) | (37.00) |
| **Total** | **1.85** | **25.00** |
| Amount outstanding as at year end | | |
| -Health and Wellness India Private Limited | 37.00 | 37.00 |
| Maximum amount outstanding during the year | | |
| -Health and Wellness India Private Limited | 37.00 | 37.00 |
| The Inter corporate deposit was granted to an associate for the purpose of their business | | |
| **Movement in the Allowance for doubtful inter corporate deposit** | | |
| Balance at the beginning of the year | 37.00 | 304.83 |
| Addition during the year | - | - |
| Written back during the year | - | (80.00) |
| Written off during the year | - | (187.83) |
| **Balance at the end of the year** | 37.00 | 37.00 |

## 10 Other financial assets (Non-current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Security deposits | 165.08 | 139.68 |
| Bank deposits with remaining maturity of more than 12 months* | 15.50 | 13.76 |
| Deposits with a financial institution | - | 200.00 |
| Interest accrued but not due from banks | 3.31 | 3.10 |
| Interest accrued but not due from a financial institution | - | 32.39 |
| Others | 35.36 | 16.75 |
| **Total** | **219.25** | **405.68** |
| *This includes deposits | | |
| kept for fund based bank guarantee with Bank of Baroda | 1.00 | 1.00 |
| kept for fund based bank guarantee with Union Bank of India | 14.50 | 12.76 |

## 11 Non-current tax assets (net)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Advance income-tax (net of provision for tax) | 1,129.52 | 906.59 |
| Total | 1,129.52 | 906.59 |

# Notes to the Standalone financial statements
for the year ended March 31, 2021

## 12 Other assets (Non-current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Capital advances | 317.64 | 612.19 |
| Advances recoverable in cash or kind | | |
| Unsecured, considered good | - | - |
| Unsecured, considered doubtful | 23.35 | 19.01 |
| | 23.35 | 19.01 |
| Less: Allowance for doubtful advances | (23.35) | (19.01) |
| | - | - |
| Deferred rent | 5.00 | 8.43 |
| Balance with government authorities | 3.75 | 3.75 |
| Prepaid expenses | 26.86 | 74.51 |
| **Total** | **353.25** | **698.88** |

## 13 Inventories

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| (At lower of cost and net realisable value) | | |
| Raw materials and packing materials (includes stock in transit of ₹95.89 Lakhs) (as at March 31, 2020: ₹490.14 Lakhs) | 4,526.95 | 4,461.92 |
| Work-in-progress | 6,751.98 | 5,140.05 |
| Finished goods | 1,336.85 | 1,361.22 |
| Stores and spares | 663.49 | 391.24 |
| **Total** | **13,279.27** | **11,354.43** |

Notes :

(i) The cost of inventories recognised as an expense is disclosed in notes 33, 34, 38 and as purchase of stock-in-trade in the Standalone statement of profit and loss.

(ii) Inventory write downs are accounted considering the nature of inventory, ageing, liquidation plan and net realisable value. Write downs of inventories amounted to ₹191.87 Lakhs (as at March 31, 2020: ₹19.07 Lakhs). The changes in write downs are recognised as an expense in the Standalone statement of profit and loss.

## 14 Trade receivables (unsecured)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Considered good | 9,611.96 | 7,744.28 |
| Credit Impaired | 481.24 | 366.61 |
| | 10,093.20 | 8,110.89 |
| Less : Allowance for doubtful debts (Expected credit loss allowance) | (481.24) | (366.61) |
| **Total** | **9,611.96** | **7,744.28** |
| **Movement in the expected credit loss allowance** | | |
| Balance at the beginning of the year | 366.61 | 308.73 |
| Addition during the year | 118.96 | 91.46 |
| Written off during the year | (4.33) | - |
| Reversal during the year | - | (33.58) |
| **Balance at the end of the year** | **481.24** | **366.61** |

## 15 Cash and cash equivalents

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Balances with banks | | |
| In current accounts | 1,022.65 | 673.10 |
| In deposit accounts with original maturity for less than 3 months | 329.15 | - |
| Cash on hand | 4.77 | 4.31 |
| **Total** | **1,356.57** | **677.41** |

## 16 Bank balances other than cash and cash equivalents

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Balances with banks | | |
| In Unpaid Dividend accounts | 9.82 | 13.51 |
| In escrow account | 0.86 | 3.70 |
| In deposit accounts with original maturity for more than 3 months but less than 12 months* | 2,763.12 | 2,542.33 |
| **Total** | **2,773.80** | **2,559.54** |

*This includes deposits held under lien by bank against guarantees and other commitments amounting to ₹1015.10 Lakhs (as at March 31, 2020: ₹1947.61 Lakhs)

## 17 Loans (Current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Unsecured, considered good | | |
| Inter corporate deposit # [Refer note 60 ] | | |
| D.K.Biopharma Private Limited | 475.00 | 2,130.00 |
| Loans to employees | 1.60 | - |
| **Total** | **476.60** | **2,130.00** |

# The inter-corporate deposits were granted to the entity for the purpose of its business.

## 18 Other financial assets (Current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Interest accrued but not due | | |
| On fixed deposits from banks | 43.07 | 20.17 |
| On fixed deposits with a financial institution | 48.54 | 11.54 |
| On Inter corporate deposits (Refer note 60) | 46.96 | 198.88 |
| Deposits with a financial institution* | 200.00 | 400.00 |
| Expenses recoverable from related parties | 447.18 | 655.50 |
| Others | | |
| Unsecured, considered good | 9.26 | 8.03 |
| Unsecured, considered doubtful | - | 1.18 |
| Less: Allowance for doubtful advances | - | (1.18) |
| | 9.26 | 8.03 |
| **Total** | **795.01** | **1,294.12** |

*Deposits kept under lien with Bajaj finance limited amounting to ₹ Nil (as at March 31, 2020: ₹400 Lakhs)

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 19 Other current assets

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Advance for supply of goods and services | | |
| Considered good | 745.47 | 415.97 |
| Considered doubtful | 11.99 | 36.36 |
| Less: Allowance for doubtful advances | (11.99) | (36.36) |
| | 745.47 | 415.97 |
| Deferred rent | 15.55 | 3.42 |
| Prepaid expenses | 182.07 | 179.79 |
| Travel advances to employees | 6.37 | 28.71 |
| Export incentive receivables | | |
| Considered good | 921.85 | 488.26 |
| Considered doubtful | 3.24 | 3.24 |
| Less: Allowance for doubtful export incentive receivables | (3.24) | (3.24) |
| | 921.85 | 488.26 |
| Balances with government authorities | 631.74 | 1,369.64 |
| Others | - | - |
| **Total** | **2,503.05** | **2,485.79** |
| **Movement in the Allowance for doubtful advances, export incentive receivables and others.** | | |
| Balance at the beginning of the year | 40.78 | 8.83 |
| Addition during the year | - | 31.96 |
| Written off during the year | (1.18) | - |
| Reversal during the year | (24.37) | (0.01) |
| **Balance at the end of the year** | **15.23** | **40.78** |

## 20 Equity share capital

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Authorised | | |
| 498,40,000 Equity shares of ₹5/- each (as at March 31, 2020 - 498,40,000 Equity shares of ₹5/- each) | 2,492.00 | 2,492.00 |
| 1,60,000 Unclassified shares of ₹5/- each (as at March 31, 2020 - 1,60,000 Unclassified shares of ₹5/- each) | 8.00 | 8.00 |
| | **2,500.00** | **2,500.00** |
| Issued, subscribed and fully paid-up | | |
| 29,430,987 Equity shares of ₹5/- each (as at March 31, 2020 - 29,430,987 Equity shares of ₹5/- each) | 1,471.55 | 1,471.55 |
| Less: 5,83,665 Equity shares held by FBL ESOP Trust (as at March 31, 2020 5,83,665 Equity shares held by FBL ESOP Trust) [Refer note (e) below] | (29.18) | (29.18) |
| | **1,442.37** | **1,442.37** |

## 20 Equity share capital (Cont.)

### (a) Reconciliation of shares outstanding at the beginning and at the end of the year

| | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | No of Equity Shares | ₹ In Lakhs | No of Equity Shares | ₹ In Lakhs |
| At the beginning of the year | 28,847,322 | 1,442.37 | 9,172,792 | 458.64 |
| Add: Issue of shares pursuant to scheme of amalgamation (Refer note 1.2) | - | - | 442,982 | 22.15 |
| Add: Issue of Bonus Shares | - | - | 19,231,548 | 961.58 |
| At the end of the year | **28,847,322** | **1,442.37** | **28,847,322** | **1,442.37** |

During the previous year, the Company has allotted bonus equity shares in the ratio of two fully paid up equity share of ₹5/- each for every one existing fully paid up equity share of ₹5/- each held by the members, which has been approved by the shareholders through postal ballot. The record date for implementation of above corporate events was fixed on February 14, 2020. In view of the above, the company's revised paid up capital as at March 31, 2020 is ₹1,442.37 Lakhs consisting of 28,847,322 equity shares of ₹5/- each (net of ₹29.18 Lakhs consisting of 5,83,665 equity share of ₹5/- each held by ESOP Trust).

### (b) Details of shareholders holding more than 5% equity shares in the Company

| Name of the shareholders | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | No of Equity Shares | % Holding | No of Equity Shares | % Holding |
| DVK Investments Private Limited, the Holding Company | 15,075,318 | 51.22% | 15,075,318 | 51.22% |
| Mr. Krishna Datla | 2,419,074 | 8.22% | 2,419,074 | 8.22% |

### (c) Shares held by Holding Company

Out of the equity shares issued by the Company, shares held by its Holding Company are as below:

| Name of the shareholders | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | No of Equity Shares | % Holding | No of Equity Shares | % Holding |
| DVK Investments Private Limited, the Holding Company | 15,075,318 | 51.22% | 15,075,318 | 51.22% |

### (d) Rights, preferences and restrictions

The Company has issued only one class of equity shares having par value of ₹5/- per share (March 31, 2020; - ₹5/- per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays the dividend in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to shareholders' approval in the ensuing Annual General Meeting, except in case of interim dividend.

During the year, the Board of directors have declared dividend of 50% (₹2.50 per equity share of ₹5/- each) for the financial year 2020-21. (Refer note 55)

During the previous year, the Board of directors had declared an interim dividend of 100% (₹5.00 per equity share of ₹5/- each) for the financial year 2019-20 which has been paid during the year 2019-20. (Refer note 55)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 20 Equity share capital (Cont.)

### (e) FBL ESOP Trust :

The Company had formulated Employee Stock Option Scheme namely Fermenta Biotech Limited - Employee Stock Option 2019 (ESOP 2019) in terms of the Scheme of amalgamation of erstwhile FBL with the Company. The equity shares are held by FBL ESOP Trust (Refer note 57).

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| | No. of Equity Shares | No. of Equity Shares |
| Outstanding at the beginning of the year | 583,665 | - |
| Issue of shares pursuant to scheme of amalgamation (Refer Note 1.2) | - | 194,555 |
| Issue of Bonus shares | - | 389,110 |
| Outstanding at the end of the year | 583,665 | 583,665 |

## 21 Other equity

(₹ in Lakhs)

| | Reserves and Surplus | | | | | | | Items of other comprehensive income | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Unrealised gain /(loss) on dilution | Capital redemption reserve | Capital reserve pursuant to amalgamation | Capital reserve | General reserve | Share options outstanding account | Retained earnings | Equity instruments through OCI | |
| **Balance as at April 01, 2019** | (4,242.23) | 70.00 | 1,074.20 | 1,140.00 | 4,507.38 | 52.80 | 21,853.90 | 11.83 | 24,467.88 |
| Profit for the year | - | - | - | - | - | - | 6,367.04 | - | 6,367.04 |
| Recognition of share based payments | - | - | - | - | - | 554.69 | - | - | 554.69 |
| Payment of dividend (including dividend distribution tax) | - | - | - | - | - | - | (719.84) | - | (719.84) |
| Incremental expenses on amalgamation | - | - | - | - | - | - | (72.27) | - | (72.27) |
| Utilised for issue of bonus shares | - | - | - | - | (961.58) | - | - | - | (961.58) |
| Other comprehensive income for the year | - | - | - | - | - | - | 170.56 * | 11.34 | 181.90 |
| **Balance as at March 31, 2020** | (4,242.23) | 70.00 | 1,074.20 | 1,140.00 | 3,545.80 | 607.49 | 27,599.39 | 23.17 | 29,817.82 |
| Profit for the year | - | - | - | - | - | - | 5,196.85 | - | 5,196.85 |
| Recognition of share based payments | - | - | - | - | - | 592.05 | - | - | 592.05 |
| Other comprehensive income for the year | - | - | - | - | - | - | (3.62) * | (0.65) | (4.27) |
| **Balance as at March 31, 2021** | (4,242.23) | 70.00 | 1,074.20 | 1,140.00 | 3,545.80 | 1,199.54 | 32,792.62 | 22.52 | 35,602.45 |

*Represents remeasurement of defined benefit plan

### Description of nature and purpose of each reserve

**Unrealised gain/(loss) on dilution:** This reserve represents unrealised gain/(loss) due to change in the shareholdings in a subsidiary.

**Capital redemption reserve :** This reserve was created for redemption of preference shares of ₹70.00 Lakhs in the financial year 2010-2011.

**Capital reserve pursuant to amalgamation :** This reserve created consequent to amalgamation of a subsidiary with the Company.

**Capital reserve:** Capital reserve was created in the financial years 1995-96 and 1996-97 pursuant to sale of the Company's brands for which non compete fees were received and treated as a capital receipt.

**General reserve:** This reserve arises on transfer portion of the net profit pursuant to earlier provision of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

## 21 Other equity (Cont.)

**Share options outstanding account :** The fair value of the equity settled share based payment transactions is recognised to share options outstanding account.

**Retained earnings:** Profits generated by the Company that are not distributed to shareholders as dividends but are reinvested in the business.

**Equity instruments through other comprehensive income:** This represents the cumulative gains / losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

## 22 Borrowings (Non-current)

(₹ in Lakhs)

| | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| Secured | | | | |
| Term Loans | | | | |
| From Banks | | | | |
| For Dahej facility [Refer note below (a)] | - | - | - | 65.45 |
| For Dahej facility [Refer note below (b)] | 915.42 | 499.03 | 1,367.16 | 482.34 |
| For Dahej facility [Refer note below (c)] | 1,824.89 | 561.51 | - | - |
| For Dahej facility [Refer note below (d)] | 1,314.13 | 734.90 | 1,523.62 | 508.09 |
| For Vehicles [Refer note below (e)] | 105.97 | 31.02 | 7.07 | 6.06 |
| From others | | | | |
| For business operations [Refer note below (f)] | 2,957.57 | - | 2,953.88 | - |
| For business operations [Refer note below (g)] | 3,925.82 | 432.18 | 4,326.94 | 355.11 |
| | **11,043.80** | **2,258.64** | **10,178.67** | **1,417.05** |
| Amount disclosed under the head "Other current financial liabilities" (Refer note 27) | - | (2,258.64) | - | (1,417.05) |
| Total | **11,043.80** | - | **10,178.67** | - |

Notes

a) Term loan for expansion of Dahej facility is taken from Union Bank of India with interest rate MCLR + 2% effective rate for the current year is between 10.00% to 10.60% (previous year effective rate was in between 10.00% to 10.60%) repayable in 48 equal monthly instalments starting from November-2016. The said term loan was secured by way of first pari-passu charge on property, plant and equipment procured with the financial assistance of the term loan and by equitable mortgage of factory land and buildings at Dahej and Kullu.

b) Term loan (External Commercial Borrowing) is taken from Yes Bank Limited for financing the capital expenditure for new project at Dahej SEZ with interest rate EURIBOR plus 3.5% (effective rate 3.5%), (previous year effective rate is 3.5%) repayable in 48 equal monthly instalments starting from February 2020. The said ECB loan is secured by way of first pari-passu charge on the project financed along with Union Bank of India, first pari-passu charge along with Union Bank of India and HDFC Bank Limited on property, plant and equipment at Kullu and Dahej, except Plant 4 at Dahej which is exclusively mortgaged with HDFC Bank Limited and Plant 3 which is funded by Union Bank of India and Yes Bank Limited , which is not to be shared with HDFC Bank Limited. The said loan is additioanlly secured by way of first pari passu charge along with Union Bank of India and HDFC Bank Limited on entire unencumbered movable fixed assets (excluding vehicles) and second pari passu charge on entire current assets. The charge for such security is yet to be created.

c) Term loan is taken from HDFC Bank Limited for financing the capital expenditure for Plant 4 at Dahej SEZ with interest rate EURIBOR plus 3.9% (effective rate 3.9%), (previous year effective rate is NIL) repayable in 16 equal quarterly instalments starting from July 2021. The said loan is secured by first pari-passu charge on the project , first pari pasu charge on property, plant and equipment at Dahej and Kullu except plant 3 at Dahej which is exclusively property Morgaged with Yes Bank Limited and Union Bank of India, and second pari passu charge on entire current assets along with other banks.

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 22 Borrowings (Non-current) (Cont.)

d) Term loan (Foreign Currency Term Loan and INR Term Loan) is taken from Union Bank of India for financing the capital expenditure for new project at Dahej SEZ with interest rate EURIBOR plus 3.10% (effective rate 3.10%) (previous year effective rate is 3.10%) for FCTL, MCLR + 2% (effective rate 10.00% to 10.65%) (previous year effective rate is 10.00% to 10.65%) for Rupee Term Loan repayable in 48 equal monthly instalments starting from April 2020. The said loan is secured by way of first pari-passu charge on the project financed along with Yes Bank Limited, first pari-passu charge along with Yes Bank Limited and HDFC Bank Limited on property, plant and equipment at Kullu and Dahej, except Plant 4 at Dahej which is exclusively mortgaged with HDFC Bank Limited and Plant 3 which is funded by Union Bank of India and Yes Bank Limited, which is not to be shared with HDFC Bank. The said loan is additionally secured by way of first pari passu charge along with Union Bank of India and HDFC bank on entire unencumbered movable fixed assets (excluding vehicles) and second pari passu charge on entire current assets.

e) Vehicle loan is taken from the ICICI Bank Limited against hypothecation of the vehicles purchased, repayable in 60 monthly instalments starting from May-2017 with interest rates 9.37%, (previous year in the range of 9.37%)

Vehicle loan is taken from the HDFC Bank Limited against hypothecation of the vehicles purchased, repayable in 60 monthly instalments starting from Aug-2020 with interest rates 7.35%, (previous year in the range of NIL). The charge for such security is yet to be created.

Vehicle loan is taken from the Bank of Baroda Limited against hypothecation of the vehicles purchased, repayable in 60 monthly instalments starting from Jan-2021 with interest rates 7.35%, (previous year in the range of NIL)

f) Loan by way of discounting of lease rental of Thane One Building consisting of 1st floor to 13th floor from Bajaj Finance Limited the effective rate for the current year in the range of 9.00% to 9.75% (previous year effective rate is 9.75%) repayable after 156 months on August 15, 2030 in one instalment. The said loan is secured by hypothecation of the lease agreements of Thane One (consisting of 1st floor to 13th floor). Further the loan has been guaranteed by the personal guarantee of the Executive Vice Chairman of the Company and the corporate guarantee of the Holding Company, DVK Investment Private Limited. During the previous year, Company has repaid partial amount.

g) Loan against property and loan by way of discounting of lease rental of Thane One Building consisting of 1st floor to 13th floor from Bajaj Finance Limited, the effective rate for the current year in the range of 9.47% to 10.00% (previous year effective rate in the range of 10.00% to 10.32%) The said loan is secured by hypothecation of the lease agreements of Thane One (consisting of 1st floor to 13th floor) and equitable mortgage of the premises at Ceejay House owned by Aegean Properties Limited (APL), a wholly owned subsidiary of the Company. Further these loans have been guaranteed by the personal guarantee of the Executive Vice Chairman of the Company and the corporate guarantee of the holding company, DVK Investment Private Limited.

## 23 Other financial liabilities (Non current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Deposits from tenants | 47.82 | 59.44 |
| **Total** | **47.82** | **59.44** |

## 24 Provisions (Non-current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Provisions for employee benefits: | | |
| Gratuity [Refer note 44 (c)] | 127.44 | 104.10 |
| Compensated absences | 321.76 | 301.73 |
| **Total** | **449.20** | **405.83** |

## 25 Other liabilities (Non current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Deferred rent | 34.04 | 54.93 |
| **Total** | **34.04** | **54.93** |

## 26 Borrowings (Current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Loans repayable on demand | | |
| From banks (Secured) | | |
| Cash credit and Bank overdraft | 1,450.31 | 2,573.89 |
| Packing credit | 5,606.23 | 6,419.83 |
| Short term working capital loan | 2,573.41 | 1,439.58 |
| **Total** | **9,629.95** | **10,433.30** |

Packing credit, cash credit from Union Bank of India, are secured by first pari-passu charge on hypothecation of stocks, book debts and and by equitable mortgage with Yes Bank limited and HDFC Bank Limited of factory land and buildings at Dahej and Kullu and all moveable property, plant and equipment of the Company except vehicles and Plant 4 at Dahej. The average interest rate for packing credit in foreign currency is 3.40% to 3.90% (EURO PCFC - EURIBOR+3.10%, USD PCFC - 6M LIBOR+3.10%) and average interest rate for cash credit is 11.18%.

Packing credit from Yes Bank Limited is secured by first pari-passu charge on current assets of the Company and by equitable mortgage of factory land and buildings at Dahej and Kullu with Union Bank of India and HDFC Bank Limited and all moveable property, plant and equipment of the Company except vehicles and Plant 4 at Dahej . The average interest rate for packing credit in foreign currency is 2.75%.

Packing credit and cash credit facility from Kotak Mahindra Bank Limited for previous year was secured by First pari-passu charge on current assets, moveable property, plant and equipment of the Company and equitable mortgage of factory land and buildings at Dahej and Kullu with Union Bank of India and Yes Bank Limited (excluding the plant and building financed through term loan from Union Bank and Yes Bank). The average interest rate for packing credit in foreign currency was 2.5% and Cash credit is 10.50%

Packing credit and Working Capital Demand Loan from HDFC Bank Limited is secured by First pari-passu charge on current assets, exclusive charge on assets of plant 4 at Dahej, moveable property, plant and equipment of the Company and equitable mortgage of factory land and buildings at Dahej and Kullu with Union Bank of India and Yes Bank Limited (excluding the plant and building financed through term loan from Union Bank of India and Yes Bank Limited).The average interest rate for packing credit in foreign currency is 2.7% and Working Capital Demand Loan is 8.7%

Short term working capital loan taken from Union Bank of India are secured against the lien of fixed deposits. The average interest rate is in the range of 8.57% to 7.6%.

## 27 Other financial liabilities (Current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Current maturities of long term debts (Refer note 22) | 2,258.64 | 1,417.05 |
| Deposits from tenants | 548.71 | 541.56 |
| Interest accrued but not due on borrowings | 48.22 | 43.15 |
| Payable to employees / directors | 723.00 | 562.96 |
| Liability for capital expenditure | 404.81 | 395.55 |
| Derivatives not designated as hedge. | 110.15 | - |
| Unclaimed dividend | 9.82 | 13.51 |
| **Total** | **4,103.35** | **2,973.78** |

# Notes to the Standalone financial statements
for the year ended March 31, 2021

## 28 Other current liabilities

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Advances from customers | 552.22 | 161.81 |
| Statutory dues | 164.39 | 21.30 |
| Deferred rent | 41.99 | 50.50 |
| **Total** | **758.60** | **233.61** |

## 29 Provisions (Current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Provisions for employee benefit:** | | |
| Compensated absences | 61.85 | 42.74 |
| **Other Provisions** | | |
| Provision for share of loss in a joint venture in excess of cost of investment | 13.02 | 13.02 |
| Total | **74.87** | **55.76** |

## 30 Current tax liabilities (net)

(₹ in Lakhs)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Provision for income tax (net of advance tax) | 32.01 | 32.02 |
| **Total** | **32.01** | **32.02** |

## 31 Revenue from operations

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Sale of products | 34,901.40 | 27,480.88 |
| Rent Income | 1,429.97 | 1,378.20 |
| Amortised deferred rent | 56.97 | 62.22 |
| Service income (infrastructure support services to tenants) | 257.97 | 308.02 |
| Sale of services | 41.88 | 49.05 |
| Other operating revenues | | |
| Export incentive | 563.71 | 738.31 |
| Scrap sales | 30.25 | 33.97 |
| **Total** | **37,282.15** | **30,050.65** |

## 32 Other income

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Interest income on financial assets carried at amortised cost:** | | |
| Bank deposits | 191.06 | 379.85 |

## 32 Other income (Cont.)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Other financial assets | 163.55 | 184.68 |
| | 354.61 | 564.53 |
| Dividend income on investment in equity instruments designated as at fair value through other comprehensive income | 0.58 | 0.44 |
| Foreign exchange gain (net) | 251.99 | 144.18 |
| Gain on sale of financial assets - current investments | - | 4.81 |
| Insurance claims | 0.11 | 20.06 |
| Income from Sale of film rights | - | 200.00 |
| Liabilities / provisions no longer required written back | 54.21 | 296.59 |
| Miscellaneous income | 0.31 | 0.71 |
| **Total** | **661.81** | **1,231.32** |

## 33 Cost of materials consumed

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Inventories of raw materials / packing materials at the beginning of the year | 4,461.92 | 4,050.21 |
| Add : Purchases | 13,948.52 | 10,708.04 |
| Less : Inventories of raw materials / packing materials at the end of the year | 4,526.95 | 4,461.92 |
| **Total** | **13,883.49** | **10,296.33** |

## 34 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Inventories at the end of the year | | |
| Work-in-progress | 6,751.98 | 5,140.05 |
| Finished goods | 1,336.85 | 1,361.22 |
| | 8,088.83 | 6,501.27 |
| Inventories at the beginning of the year | | |
| Work-in-progress | 5,140.05 | 2,939.87 |
| Finished goods | 1,361.22 | 1,482.55 |
| | 6,501.27 | 4,422.42 |
| | **(1,587.56)** | **(2,078.85)** |

## 35 Employee benefits expense

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Salaries and wages | 4,464.16 | 3,760.88 |
| Contribution to provident and other funds | 230.58 | 220.54 |
| Gratuity expense [Refer note 44] | 54.52 | 92.74 |
| Share based payments to employees [Refer note 57] | 592.05 | 554.69 |
| Staff welfare expenses | 408.57 | 374.30 |
| **Total** | **5,749.88** | **5,003.15** |

# Notes to the Standalone financial statements
for the year ended March 31, 2021

## 36 Finance costs

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Interest on | | |
| Term loans | 892.35 | 1,207.13 |
| Loans repayable on demand | 565.62 | 449.10 |
| Loans from related parties | - | 4.60 |
| Liabilities carried at amortised cost (Unwinding of interest) | 59.38 | 98.84 |
| Lease liabilities | 48.99 | 56.54 |
| Others | 10.62 | 6.13 |
| Other borrowing costs | 230.52 | 109.70 |
| **Total** | **1,807.48** | **1,932.04** |

## 37 Depreciation and amortisation expense

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Depreciation on property, plant and equipment (Refer note 3) | 1,290.05 | 1,014.36 |
| Depreciation on right-of-use assets (Refer note 4) | 157.62 | 152.86 |
| Depreciation of investment property (Refer note 5) | 254.71 | 255.55 |
| Amortisation of intangible assets (Refer note 6) | 200.76 | 71.06 |
| Total | **1,903.14** | **1,493.83** |

## 38 Other expenses

(₹ in Lakhs)

| | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| GST other than recovered on sales | | 159.38 | | 123.69 |
| Contract labour charges | | 482.54 | | 426.23 |
| Power and fuel | | 1,360.44 | | 1,236.86 |
| Processing charges | | 1,228.53 | | 383.54 |
| Repairs to buildings | | 46.30 | | 59.49 |
| Repairs to machinery | | 202.50 | | 151.96 |
| Stores and spare parts consumed | | 930.92 | | 994.23 |
| Water charges | | 62.42 | | 36.88 |
| Advertising and sales promotion | | 196.39 | | 853.64 |
| Freight and forwarding charges | | 794.27 | | 575.33 |
| Commission on sales | | 758.68 | | 908.81 |
| Rent (including lease rentals) | | 32.51 | | 45.51 |
| Repairs and maintenance - others | | 714.82 | | 769.25 |
| Insurance | | 260.98 | | 275.14 |
| Rates and taxes | | 354.44 | | 263.66 |
| Allowance for doubtful debts | | 118.96 | | 91.46 |
| Allowance for doubtful advances | | - | | 31.96 |
| Trade receivable loans and advances written off | 96.53 | | 230.16 | |
| Less: Allowance held | (5.57) | 90.96 | (187.83) | 42.33 |
| Impairment in the value of non-current investment | | - | | 47.53 |
| Non current investment written off | 5.90 | | | - |
| Less: Allowance held | (5.90) | - | | - |
| Travelling and conveyance | | 348.63 | | 714.08 |
| Professional and legal fees | | 534.69 | | 785.72 |
| Payment to auditors (Refer note 41) | | 47.85 | | 47.69 |

## 38 Other expenses (Cont.)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Postage and telephone | 33.26 | 49.67 |
| Printing and stationery | 89.83 | 85.44 |
| Net loss on fair value changes of derivatives at FVTPL | 110.15 | - |
| Security Expenses | 84.79 | 106.10 |
| Staff recruitment expenses | 28.92 | 17.63 |
| Bank charges | 102.40 | 94.90 |
| Initial cost for operating leases | 58.31 | 59.32 |
| Analytical Charges | 92.26 | 136.72 |
| Loss on sale/ write off, of property, plant and equipment (net) | 16.03 | 15.53 |
| Corporate social responsibility expenses | 217.56 | 175.58 |
| Miscellaneous expenses | 236.60 | 224.78 |
| **Total** | **9,796.32** | **9,830.66** |

## 39 Related parties disclosures as per Ind AS 24

### A) Names of the related parties and description of relationships

#### a) Holding Company:

| | Country of Incorporation | Proportion of ownership interest as at | |
|---|---|---|---|
| | | March 31, 2021 | March 31, 2020 |
| DVK Investments Private Limited | India | - | - |
| Subsidiaries: | | | |
| Aegean Properties Limited | India | 100% | 100% |
| CC Square Films Limited | India | 100% | 100% |
| Fermenta Biotech Gmbh | Germany | 100% | 100% |
| Fermenta Biotech (UK) Limited | United Kingdom | 100% | 100% |
| Fermenta USA LLC (w.e.f. December 01, 2020) | United States of America | 52% | - |
| Fermenta Biotech USA LLC (w.e.f. May 27, 2020) | United States of America | 100% | - |
| G.I. Biotech Pvt Limited | India | 62.50% | 62.50% |

#### b) Key Management Personnel

| Name of Key Management Personnel | Designation |
|---|---|
| Mr. Krishna Datla (also a person controlling the holding company) | Managing Director (up to May 08, 2021) 'Executive-Vice Chairman (w.e.f. May 09, 2021) |
| Mr. Satish Varma | Executive Director |
| Mr. Sanjay Buch | Non-Executive Director |
| Ms. Rajeshwari Datla (also relative of the Managing Director) | Non-Executive Director |
| Ms. Anupama Datla Desai (also relative of the Managing Director) | Executive Director |
| Dr. Gopakumar Nair | Non-Executive Director |
| Mr. Vinayak Hajare | Non-Executive Director |
| Ms. Rajashri Ojha | Non-Executive Director |
| Mr. Prashant Nagre | Chief Executive Officer (up to May 08, 2021)<br>Managing Director (w.e.f. May 09, 2021) |
| Mr. Sumesh Gandhi | Chief Financial Officer |
| Mr. Srikant N Sharma | Company Secretary |

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 39 Related parties disclosures as per Ind AS 24 (Contd.)

c) Associates

Health and Wellness India Private Limited

Silk Road Communications Private Limited (Associate of Holding Company)

d) Enterprises under significant influence of key management personnel or their relatives:

Magnolia FNB Private Limited

Dupen Laboratories Private Limited

Lacto Cosmetics (Vapi) Private limited

B) Related party transactions:

(₹ in Lakhs)

| Sr. No. | Particulars | Holding Company | Subsidiaries | Key management personnel* | Enterprise significantly influenced by KMP or their relatives | Associates |
|---|---|---|---|---|---|---|
| 1 | Remuneration to Directors and Key Management Personnel (including commission)* | | | | | |
| | Mr. Krishna Datla | - | - | 274.65 | - | - |
| | | ( - ) | ( - ) | (274.75) | ( - ) | ( - ) |
| | Mr. Satish Varma | - | - | 225.31 | - | - |
| | | ( - ) | ( - ) | (196.13) | ( - ) | ( - ) |
| | Ms. Anupama Datla Desai | - | - | 160.68 | - | - |
| | | ( - ) | ( - ) | (121.58) | ( - ) | ( - ) |
| | Mr. Prashant Nagre | - | - | 224.36 | ( - ) | ( - ) |
| | | ( - ) | ( - ) | (186.32) | ( - ) | ( - ) |
| | Mr. Sumesh Gandhi | - | - | 81.07 | - | ( - ) |
| | | ( - ) | ( - ) | (77.00) | ( - ) | ( - ) |
| | Mr. Srikant N Sharma | - | - | 80.14 | - | - |
| | | ( - ) | ( - ) | (53.73) | ( - ) | ( - ) |
| | Commission to non-executive directors (excluding statutory levy) | | | | | |
| | Mr. Sanjay Buch | - | - | 13.21 | - | - |
| | | ( - ) | ( - ) | (10.01) | ( - ) | ( - ) |
| | Dr. Gopakumar Nair | - | - | 13.21 | - | - |
| | | ( - ) | ( - ) | (10.01) | ( - ) | ( - ) |
| | Ms. Rajeshwari Datla | - | | 13.21 | - | - |
| | | ( - ) | ( - ) | (10.01) | ( - ) | ( - ) |
| | Mr. Vinayak Hajare | - | | 13.21 | - | - |
| | | ( - ) | ( - ) | (10.01) | ( - ) | ( - ) |
| | Ms. Rajashri Ojha | - | | 13.21 | - | - |
| | | ( - ) | ( - ) | ( - ) | ( - ) | ( - ) |

## 39 Related parties disclosures as per Ind AS 24 (Contd.)

B) Related party transactions:

(₹ in Lakhs)

| Sr. No. | Particulars | Holding Company | Subsidiaries | Key management personnel* | Enterprise significantly influenced by KMP or their relatives | Associates |
|---|---|---|---|---|---|---|
| 2 | Directors sitting fees | | | | | |
| | Mr. Krishna Datla | - | - | - | - | - |
| | | ( - ) | ( - ) | (2.60) | ( - ) | ( - ) |
| | Ms. Rajeshwari Datla | - | - | 7.50 | - | - |
| | | ( - ) | ( - ) | (5.30) | ( - ) | ( - ) |
| | Mr. Satish Varma | - | - | - | - | - |
| | | ( - ) | ( - ) | (2.50) | ( - ) | ( - ) |
| | Mr. Sanjay Buch | - | - | 8.10 | - | - |
| | | ( - ) | ( - ) | (9.00) | ( - ) | ( - ) |
| | Mr. Vinayak Hajare | - | - | 8.10 | - | - |
| | | ( - ) | ( - ) | (6.40) | ( - ) | ( - ) |
| | Ms. Rajashri Ojha | - | - | 5.00 | - | - |
| | | ( - ) | ( - ) | ( - ) | ( - ) | ( - ) |
| | Mr. Gopakumar Nair | - | - | 7.70 | - | - |
| | | ( - ) | ( - ) | (7.50) | ( - ) | ( - ) |
| 3 | Rent and service income | | | | | |
| | Aegean Properties Limited. | - | 0.30 | - | - | - |
| | | ( - ) | (0.30) | ( - ) | ( - ) | ( - ) |
| | DVK Investments Private Limited. | 0.30 | - | - | - | - |
| | | (0.30) | ( - ) | ( - ) | ( - ) | ( - ) |
| | Magnolia FNB Private Limited. | - | - | - | 0.30 | - |
| | | ( - ) | ( - ) | ( - ) | (0.30) | ( - ) |
| | Silk Road Communications Private Limited. | - | - | - | - | 1.35 |
| | | ( - ) | ( - ) | ( - ) | ( - ) | (1.35) |
| 4 | Rent paid | | | | | |
| | Aegean Properties Limited. | - | 18.00 | - | - | - |
| | | ( - ) | (18.00) | ( - ) | ( - ) | ( - ) |
| 5 | Expenditure incurred on behalf of related parties | | | | | |
| | Aegean Properties Limited. | - | 16.62 | - | - | - |
| | | ( - ) | (16.62) | ( - ) | ( - ) | ( - ) |
| | Fermenta Biotech Gmbh | - | 19.00 | - | - | - |
| | | ( - ) | (655.50) | ( - ) | ( - ) | ( - ) |
| | Fermenta Biotech USA LLC | - | 6.70 | - | - | - |
| | | ( - ) | ( - ) | ( - ) | ( - ) | ( - ) |

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 39 Related parties disclosures as per Ind AS 24 (Contd.)

B) Related party transactions:

(₹ in Lakhs)

| Sr. No. | Particulars | Holding Company | Subsidiaries | Key management personnel* | Enterprise significantly influenced by KMP or their relatives | Associates |
|---|---|---|---|---|---|---|
| 6 | Sale of products | | | | | |
| | Dupen Laboratories Private Limited | - | - | - | 25.51 | - |
| | | ( - ) | ( - ) | ( - ) | (20.81) | ( - ) |
| | Fermenta Biotech Gmbh | - | 852.12 | - | - | - |
| | | ( - ) | (840.19) | ( - ) | ( - ) | ( - ) |
| | Fermenta USA LLC | - | 1,327.95 | - | - | - |
| | | ( - ) | ( - ) | ( - ) | ( - ) | ( - ) |
| 7 | Purchase of raw materials and packing materials | | | | | |
| | Lacto Cosmetics (Vapi) Private Limited | - | - | - | - | - |
| | | ( - ) | ( - ) | ( - ) | (0.71) | ( - ) |
| 8 | Processing charges | | | | | |
| | Lacto Cosmetics (Vapi) Private Limited | - | - | - | - | - |
| | | ( - ) | ( - ) | ( - ) | (3.69) | ( - ) |
| 9 | Other reimbursements received | | | | | |
| | Lacto Cosmetics (Vapi) Private Limited | - | - | - | - | - |
| | | ( - ) | ( - ) | ( - ) | (1.60) | ( - ) |
| 10 | Interest on loan taken | | | | | |
| | DVK Investments Private Limited | - | - | - | - | - |
| | | (4.60) | ( - ) | ( - ) | ( - ) | ( - ) |
| 11 | Investment made | | | | | |
| | Fermenta Biotech Gmbh | | - | - | - | - |
| | | - | ( 19.33) | ( - ) | ( - ) | ( - ) |
| | Fermenta Biotech USA LLC | - | 1,184.72 | - | - | - |
| | | ( - ) | ( - ) | ( - ) | ( - ) | ( - ) |
| 12 | Loans repaid | | | | | |
| | DVK Investments Private Limited | - | - | - | - | - |
| | | (250.00) | ( - ) | ( - ) | ( - ) | ( - ) |

(Figures in brackets are the corresponding figures in respect of the previous year.)

* The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

C) Balance outstanding as at the end of the year :

(₹ in Lakhs )

| | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| a. | Trade payables and reimbursement payables | | |
| | Subsidiary | | |
| | Aegean Properties Limited. | 89.77 | 87.89 |

## 39 Related parties disclosures as per Ind AS 24 (Contd.)

C) Balance outstanding as at the end of the year :

(₹ in Lakhs )

| | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| b. | **Trade receivables and reimbursement receivables** | | |
| | Subsidiary | | |
| | CC Square Films Limited | - | 5.57 |
| | Aegean Properties Limited. | 2.18 | 11.50 |
| | Fermenta Biotech Gmbh | 2278.96 | 1495.69 |
| | Fermenta USA LLC | 1847.27 | - |
| | Fermenta Biotech USA LLC | 6.70 | - |
| | Enterprises under significant influence of key management personnel or their relatives: | | |
| | Dupen Laboratories Pvt Ltd | 26.59 | 22.45 |
| c. | **Allowance for doubtful debts/advances** | | |
| | Associate | | |
| | Health and Wellness India Private Limited | 37.00 | 37.00 |
| | Subsidiary | | |
| | CC Square Films Limited | - | 5.52 |
| d. | **Deposit from tenants** | | |
| | Associate of Holding Company | | |
| | Silk Road Communications Private Limited | 0.20 | 0.20 |
| e. | **Provision for diminution in value of investments** | | |
| | Associates | | |
| | Health and Wellness India Private Limited (including share application money) | 784.86 | 784.86 |
| | Subsidiary | | |
| | CC Square Films Limited | 5.00 | 5.00 |
| | Fermenta Biotech (UK) Limited | 148.65 | 148.65 |
| f. | **Other financial liabilities** | | |
| | Key management personnel | | |
| | Mr. Krishna Datla | 132.43 | 130.00 |
| | Mr. Satish Varma | 112.31 | 78.00 |
| | Ms. Anupama Datla Desai | 79.28 | 40.00 |
| | Mr.Prashant Nagre | 66.92 | 50.05 |
| | Dr. Gopakumar Nair | 13.21 | 10.01 |
| | Ms. Rajeshwari Datla | 13.21 | 10.01 |
| | Mr. Vinayak Hajare | 13.21 | 10.01 |
| | Mr.Sanjay Buch | 13.21 | 10.01 |
| | Ms. Rajashri Ojha | 13.21 | - |
| g. | **Loans to employees (including interest)** | | |
| | Key management personnel | | |
| | Mr.Prashant Nagre | - | 27.52 |
| h. | **Inter corporate deposits** | | |
| | Associate | | |
| | Health and Wellness India Private Limited | 37.00 | 37.00 |

D) The Company has granted ESOP options to Key management personnel as mentioned below and for terms Refer to note 57

Mr. Prashant Nagre – 217,410 Options (March 31, 2020 – 217,410 Options)

Mr. Sumesh Gandhi – 40,161 Options (March 31, 2020 – Nil)

Mr. Srikant Sharma – 30,117 Options (March 31, 2020 – Nil)

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 40 Commitments and Contingent liabilities

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| (i) Commitments: | | |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 688.71 | 1,852.15 |
| (b) Lease commitments | 261.66 | 362.08 |
| (ii) Contingent liabilities: | | |
| Claims against the company not acknowledged as debts | | |
| (a) Tax matters | | |
| Service tax department raised demand of ₹ 22.50 Lakhs consisting of Service Tax of ₹ 7.50 Lakhs and penalty of ₹ 15.00 Lakhs in connection with services rendered post demerger of the pharmaceutical division. Commissioner of Service Tax Mumbai and CESTAT has upheld the order of Joint Commissioner of Service Tax. The Company has preferred an appeal to Bombay High Court. | 22.50 | 22.50 |
| The Deputy Commissioner of sales tax has confirmed the order of the Assistant Commissioner of sales tax Vapi, Gujarat for year 1992-93 and 1993-94 for demand of interest and penalty due to shortfall in tax payment on account of computation of purchase tax setoff. Company has preferred an appeal to sales tax tribunal Ahmedabad, Gujarat and obtained stay against the order/demand of the Assistant Commissioner pending final disposal. | 4.63 | 4.63 |
| (b) Letter of comfort on behalf of a subsidiary, to the extent of limits | 301.46 | 290.64 |

Note:- Future cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various authorities/forums and/or final outcome of the matters.

## 41 Payment to auditors excluding statutory levy

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| For audit | 27.00 | 25.00 |
| For limited review | 15.00 | 15.00 |
| For other services | 5.14 | 6.51 |
| Reimbursement of expenses | 0.71 | 1.18 |
| | **47.85** | **47.69** |

## 42 Earnings per share (EPS):

The following table sets forth the computation of basic and diluted earnings per share :

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Profit for the year used for computation of basic and diluted earnings per share | 5,196.85 | 6,367.04 |
| Weighted average number of equity shares used in calculating basic EPS [refer note 20(a)] | 28,847,322 | 28,847,322 |
| Effect of dilutive potential equity shares | 157,464 | 146,571 |
| Weighted average number of equity shares used in calculating diluted EPS | 29,004,786 | 28,993,893 |
| Basic earnings per equity share [nominal value of share ₹5 (March 31, 2020: ₹5)] | 18.02 | 22.07 |
| Diluted earnings per equity share [nominal value of share ₹5 (March 31, 2020: ₹5)] | 17.92 | 21.96 |

# Notes to the Standalone financial statements
for the year ended March 31, 2021

## 43 Leases

### (A) Assets taken on operating lease

Effective April 01, 2019, the Company had adopted Ind AS 116 "Leases" and applied to lease contracts existing on April 01, 2019, by electing 'retrospective approach with the cumulative effect at the date of initial application'. Under this approach, the Company has recorded lease liability at the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17.

The Company had entered into agreements for taking on leave and license basis certain residential and office premises and also taken vehicles on lease basis. The Company also has lease arrangements for lands taken on lease at Dahej and Saykha. The lease term in respect of these lease ranges from 2 to 99 years. In respect of the said leases, the additional information is as under

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Depreciation charge for right-of-use assets | 157.61 | 152.86 |
| Expenses relating to leases of low-value assets accounted for on straight line basis (included in Rent expenses in Note 38) | 32.51 | 45.51 |
| Total cash outflow for leases | 153.41 | 231.85 |

#### Maturity analysis of lease liabilities (on undiscounted basis)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Less than one year | 154.57 | 152.73 |
| One to five years | 264.01 | 384.21 |
| More than five years | 702.00 | 720.00 |
| Weighted average incremental borrowing rate applied to lease liabilities recognised in the balance sheet at the date. | 10% | 10% |

#### The following is the summary of practical expedients elected on initial application:

i) The Company has not reassessed whether a contract is or contains a lease at the date of initial application.

ii) The Company has utilised the exemptions provided for short-term leases (less than a year) and leases for low value assets.

iii) The Company has utilised hindsight in determining the lease terms where contracts contained options to extend or terminate the lease.

iv) Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application

The difference between the operating lease commitments as of March 31, 2019, disclosed applying Ind AS 17 and the value of the lease liability recognised in the balance sheet at the date of initial application is primarily on account of inclusion of extension options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116.

#### General description of significant leasing agreements

(i) Refundable interest free deposits have been given under lease agreements.

(ii) Some of the agreements provide for early termination by either party with a specified notice period / renewal with conditions

### (B) Assets given on operating lease

The Company has entered into operating lease agreement for sublease of property in Worli, Mumbai with original lease period expiring on December 2022.

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 43 Leases (Cont.)

The Company has also entered into various operating lease agreements for its properties in Thane with original lease periods expiring up to November 2025. These agreements have a non-cancellable period at the beginning of the period for 3/5 years and have rent escalation provisions of 5% every year or 15% after 3 years.

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| a) Rent income recognised in the Standalone statement of profit and loss for the year [Includes rentals on sub-lease of ₹219.48 Lakhs (March 31, 2020 ₹227.18 Lakhs)] | 1,429.97 | 1,378.20 |
| b) Future minimum lease income under the non-cancellable leases in the aggregate and for each of the following periods: | | |
| i) Not later than one year | 199.66 | 368.33 |
| ii) Later than one year and not later than five years | 419.46 | 4.36 |
| iii) More than five years | - | - |

## 44 Employee benefits

The Company operates following employee benefit plans

(I) Defined contribution plans: Provident fund, superannuation fund, employee state insurance scheme (ESIC) and labour welfare fund.

(II) Defined benefit plan: Gratuity (funded)

(III) Other long term benefit plan: Compensated absences (unfunded)

### I) Defined contribution plan

The Company operates defined contribution retirement benefit plans for all qualifying employees of the Company. The contribution to defined contribution plan, recognised as expenses in the Standalone statement of profit and loss for the year is as under (Refer note 35).

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Employer's contribution to provident fund | 217.40 | 206.84 |
| Employer's contribution to superannuation fund | 1.53 | 1.63 |
| Employer's contribution to ESIC and Employees Deposit Linked Insurance (EDLI) | 11.56 | 11.98 |
| Employer's contribution to labour welfare fund | 0.09 | 0.09 |

### II) Defined benefit plan

The Company operates a defined benefit plan, viz., gratuity.

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination. Provision for Gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Company reviews the level of funding in the gratuity fund.

#### (a) Movements in the present value of the defined benefit obligation are as follows:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Opening defined benefit obligation** | **395.05** | **550.11** |
| Interest cost | 25.00 | 39.00 |
| Current service cost | 48.29 | 73.16 |
| Benefits paid | (19.79) | (26.35) |
| Actuarial (Gain)/loss on obligations - due to changes in financial assumptions | - | (211.27) |
| Actuarial (Gain)/loss on obligations - due to changes in demographic assumptions | - | 15.80 |
| Actuarial (Gain)/loss on obligations - due to changes in experience adjustment | 4.04 | (45.40) |
| **Closing defined benefit obligation** | **452.59** | **395.05** |

## 44 Employee benefits (Cont.)

### (b) Movements in the fair value of the plan assets are as follows:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Opening fair value of plan assets | 290.95 | 274.79 |
| Employer's contributions | 36.29 | 23.33 |
| Interest income | 18.77 | 19.42 |
| Remeasurement gain / (loss) : | | |
| Return on plan assets (excluding amounts included in net interest expense) | (1.07) | (0.24) |
| Benefit paid | (19.79) | (26.35) |
| Closing fair value of plan assets | 325.15 | 290.95 |

### c) Reconciliation of fair value of plan assets and defined benefit obligation:

The amount included in the Standalone financial statements arising from the Company's obligation in respect of its defined benefit obligation plan is as follows:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Fair value of plan assets | 325.15 | 290.95 |
| Present value of defined benefit obligation | 452.59 | 395.05 |
| Amounts recognised in the Standalone balance sheet surplus/(deficit) | (127.44) | (104.10) |

### d) The amount recognised in Standalone statement of profit and loss in respect of the defined benefit plan are as follows:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Current service cost | 48.29 | 73.16 |
| Net interest expense / (income) | 6.23 | 19.58 |
| Components of defined benefit costs recognised in Standalone statement of profit and loss | 54.52 | 92.74 |

### e) The amount recognised in other comprehensive income in respect of the defined benefit plan is as follows:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Remeasurement on the net defined benefits liability: | | |
| Return on plan assets (excluding amounts included in net interest expense) | (1.07) | (0.24) |
| Actuarial gains /(losses) arising from changes in financial assumptions | - | 211.27 |
| Actuarial gains /(losses) arising from changes in demographic assumptions | - | (15.80) |
| Actuarial gains /(losses) arising from changes in experience adjustments | (4.04) | 45.40 |
| Components of defined benefit recognised as income / (loss) in other comprehensive income | (5.11) | 240.63 |

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 44 Employee benefits (Cont.)

### f) The principal assumptions used for the purpose of the actuarial valuations are as follows:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate (per annum) | 6.80% | 6.80% |
| Salary escalation rate (per annum) | 5.00% | 5.00% |
| Expected rate of return on plan assets (per annum) | 6.80% | 6.80% |
| Retirement Age | 58 Years | 58 Years |
| Mortality rate | Indian Assured lives Mortality (2012-14) | Indian Assured lives Mortality (2006-08) |
| Leaving Service (age groups) | 21-30 years- 4% | 21-30 years -1% to 4% |
| | 31-40 years - 3% | 31-40 years - 3% |
| | 41-50 years - 2% | 41-50 years - 2% |
| | Above 50 years - 1% | Above 50 years - 1% |

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is considered as per declaration from Life Insurance Corporation of India (LIC).

The expected contributions for defined benefit plan for the next financial year is ₹35.00 Lakhs (March 31, 2020: ₹25.00 Lakhs).

### g) Maturity analysis of projected benefit obligation

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Expected benefits for Year 1 | 73.67 | 54.84 |
| Expected benefits for Year 2 | 40.12 | 38.09 |
| Expected benefits for Year 3 | 33.35 | 36.22 |
| Expected benefits for Year 4 | 20.25 | 29.04 |
| Expected benefits for Year 5 | 29.78 | 17.32 |
| Expected benefits for Year 6 | 45.42 | 26.82 |
| Expected benefits for Year 7 | 61.71 | 39.88 |
| Expected benefits for Year 8 | 34.93 | 56.66 |
| Expected benefits for Year 9 | 13.12 | 28.35 |
| Expected benefits for Year 10 and above | 595.12 | 509.09 |

### h) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Insurer managed funds | 100% | 100% |

## 44 Employee benefits (Cont.)

### i) Sensitivity analysis

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at end of year, while holding all other assumptions constant. The result of sensitivity analysis is given below:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| | (Decrease)/ increase in DBO* | (Decrease)/ increase in DBO* |
| Discount rate (- 0.50%) | 4.53% | 4.56% |
| Discount rate (+ 0.50%) | -4.20% | -4.22% |
| Salary escalation rate (- 0.50%) | -4.01% | -4.31% |
| Salary escalation rate (+ 0.50%) | 4.30% | 4.62% |

*'DBO: Defined benefit obligation

### j) Inherent risks:

The inherent risk for the Company mainly are adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

### III) Other long term benefit plan

Actuarial valuation for compensated absences is done as at the year end and provision is made as per Company rules with corresponding charge / (credit) to the Standalone statement of profit and loss amounting to ₹71.95 Lakhs [March 31, 2020: (₹18.28 Lakhs)] and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined at the year end using the "Projected unit credit model". Gains and losses on changes in actuarial assumptions relating to defined benefit obligation are recognised in OCI where as gains and losses in respect of other long term employee benefit plans are recognised in the Standalone statement of profit and loss.

## 45 Income tax

### 45A Tax expense recognised in the Standalone statement of profit and loss and other comprehensive income consists of:

(₹ in Lakhs)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Tax expenses: | | |
| Current tax | 1,125.79 | 336.55 |
| Deferred tax charge/(credit) | 0.26 | (1,948.92) |
| **Income tax expense recognised in the Standalone statement of profit and loss** | **1,126.05** | **(1,612.37)** |
| Tax expense recognised in other comprehensive income | (1.49) | 70.07 |
| **Total Tax expense** | **1,124.56** | **(1,542.30)** |

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 45 Income tax (Cont.)

45B A reconciliation of income tax expense to the amount computed by applying the statutory income tax rate to the profit before income tax is summarised below:

(₹ in Lakhs)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Profit before tax | 6,322.90 | 4,754.66 |
| Enacted income tax rate in India (%) # | 34.944 | 29.120 |
| Income tax expense calculated at enacted income tax rate | 2,209.47 | 1,384.56 |
| **Effect of tax on:** | | |
| Impact of change in tax rates on Deferred tax assets | (302.73) | 84.89 |
| MAT Credit entitlement recognised | - | (5,072.14) |
| Utilisation of Deferred tax assets recognised on unabsorbed depreciation / carried forward losses pursuant to scheme of amalgamation (refer note 58) | - | 2,946.52 |
| Expenses disallowed under income Tax | 76.02 | 64.85 |
| Income that is exempt from tax | (1,037.87) | (1,198.96) |
| Incremental deduction on account of research and development | (7.35) | (167.54) |
| Reversal of income tax expenses of financial year 2018-19 pursuant to scheme of amalgamation (refer note 58) | - | (510.03) |
| Differential tax effect due to effective tax rate difference | 326.85 | 853.92 |
| Others | (138.35) | 1.56 |
| | **(1,083.43)** | **(2,996.93)** |
| **Total income tax expense** | **1,126.05** | **(1,612.37)** |
| **Tax expenses recognised in Standalone statement of profit and loss** | **1,126.05** | **(1,612.37)** |
| **Tax expense recognised in other comprehensive income** | **(1.49)** | **70.07** |
| **Total tax expense** | **1,124.56** | **(1,542.30)** |

# The tax rate used for reconciliation above is the corporate tax rate of 34.944% (March 31, 2020: 29.12%) at which the Company is liable to pay tax on taxable income under the Indian tax Laws.

45C The major components of deferred tax liabilities/(assets) arising on account of temporary differences are as follows:

(₹ in Lakhs)

| Particulars | April 01, 2020 | March 31, 2021 | | March 31, 2021 |
|---|---|---|---|---|
| | | Statement of profit and loss | Other comprehensive income | |
| (i) Components of deferred tax liabilities (net) | | | | |
| **Deferred tax liabilities** | | | | |
| Property, plant and equipment and intangible assets: Impact of difference between written down value as per books of account and income tax | (1,533.78) | (507.16) | - | (2,040.94) |
| **Deferred tax assets** | | | | |
| Expenses claimed for tax purpose on payment basis | 121.99 | 11.82 | 1.49 | 135.30 |
| Allowance for doubtful debts and advances | 142.16 | 21.10 | - | 163.26 |
| Allowance for impairment in the value of non current investment and share application money | - | 138.32 | - | 138.32 |
| MAT Credit entitlement | 5,072.14 | 326.85 | - | 5,398.99 |
| Others | 7.44 | 8.81 | - | 16.25 |
| **Deferred tax charge/(credit)** | | **(0.26)** | **1.49** | |
| **Net deferred tax assets** | **3,809.95** | | | **3,811.18** |

## 45 Income tax (Cont.)

45C The major components of deferred tax liabilities/(assets) arising on account of temporary differences are as follows: (Cont.)

(₹ in Lakhs)

| Particulars | April 01, 2019 | March 31, 2020 | | March 31, 2020 |
|---|---|---|---|---|
| | | Statement of profit and loss | Other comprehensive income | |
| (i) Components of deferred tax liabilities (net) | | | | |
| Deferred tax liabilities | | | | |
| Property, plant and equipment and intangible assets: Impact of difference between written down value as per books of account and income tax | (1,457.65) | (76.13) | - | (1,533.78) |
| Deferred tax assets | | | | |
| Expenses claimed for tax purpose on payment basis | 218.54 | (26.48) | (70.07) | 121.99 |
| Allowance for doubtful debts and advances | 223.71 | (81.55) | - | 142.16 |
| Unabsorbed depreciation/carried forward losses | 2,946.51 | (2,946.51) | - | - |
| MAT Credit entitlement | - | 5,072.14 | - | 5,072.14 |
| Others | - | 7.44 | - | 7.44 |
| Deferred tax charge/(credit) | | 1948.91* | (70.07) | |
| Net deferred tax assets | 1,931.11 | | | 3,809.95 |

* Read as ₹1948.92 Lakhs on the standalone statement of profit and loss due to rounding off

45D Details of unused tax losses and unabsorbed tax depreciation for which deferred tax assets have not been recognised:

(₹ in Lakhs)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Unused tax losses (capital in nature) | 124.35 | 225.42 |

The unused tax losses (capital in nature) will expire from financial year 2021-22 to financial year 2027-28.

Pursuant to scheme of amalgamation as mentioned in note 1.2, during the financial year 2018-19 ( assessment year 2019-2020) Company has through revised income tax return filed on July 26, 2020, recognised an intangible assets of ₹60,390.05 Lakhs in the form of Goodwill in its income tax block of assets and has claimed under section 32(1) of the Income Tax Act, 1961 ('the Act') depreciation of ₹15,097.51 Lakhs for assessment year 2019-2020 and for assessment year 2020-2021, ₹11,323.15 Lakhs. Pending the outcome of the assessment by the income tax authorities, the aforesaid amount of depreciation has not been considered as deduction for arriving at the provision for taxation and also deferred tax assets has not been created on the amount recognised as goodwill for the purposes of the Act.

## 46 Research and development expenditure

Research and development expenditure of ₹ 560.25 Lakhs (March 31, 2020: ₹ 653.85 Lakhs) (excluding interest and depreciation) has been charged to the Standalone statement of profit and loss. The capital expenditure in the current year on research and development amounts to ₹ 21.03 Lakhs (March 31, 2020: ₹ 497.20 Lakhs).

47 During the year ended March 31, 2021, Commission of ₹ 324.02 Lakhs to the Managing Director and Executive Directors and directors sitting fees and commission to non-excecutive directors aggregating ₹ 102.45 Lakhs has been charged to the Standalone statement of profit and loss. During the year ended March 31, 2020, Commission of ₹ 248.00 Lakhs to the Managing Director and Executive Directors and directors sitting fees sitting fees and commission aggregating ₹ 73.34 Lakhs to the Non-Executive directors has been charged to the Standalone statement of profit and loss.

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 48 Details of CSR expenditure

(₹ in Lakhs )

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Gross amount required to be spent by the Company | 206.53 | 180.82 |

| Particulars | In cash | Yet to be paid in cash | Total | In cash | Yet to be paid in cash** | Total |
|---|---|---|---|---|---|---|
| Amount spent during the year | | | | | | |
| i) Construction/acquisition of any asset | 16.60 | - | 16.60 | 16.75 | - | 16.75 |
| ii) On purposes other than (i) above | 200.95 | - | 200.95 | 156.83 | 7.24 | 164.07 |

** The Company was required to spend ₹ 180.82 Lakhs towards CSR during the year in accordance with the provisions of Section 135 of the Companies Act, 2013.

The Company has spent ₹ 173.58 Lakhs on CSR activities during the year. Balance amout of ₹ 7.24 Lakhs has been spent in financial year 2020-21.

## 49 Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006

(₹ in Lakhs )

| | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| a | (i) Principal amount remaining unpaid to any supplier at the end of the accounting year | 78.34 | 98.01 |
| | (ii) Interest due on above | - | - |
| | **The Total of (i) and (ii)** | **78.34** | **98.01** |
| b | The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| c | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| d | The amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| e | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

## 50A Categories of the financial instruments

(₹ in Lakhs )

| Particulars | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| a) | Financial assets | | |
| | Financial assets measured at fair value through Other comprehensive income | | |
| | Investments in equity instruments -quoted | 20.83 | 21.49 |
| | Investments in equity instruments -unquoted | 4.11 | 4.11 |
| | Financial assets measured at amortised cost | | |
| | (i) Trade receivables | 9,611.96 | 7,744.28 |
| | (ii) Cash and cash equivalents | 1,356.57 | 677.41 |
| | (iii) Bank balances other than (ii) above | 2,773.80 | 2,559.54 |
| | (iv) Loans | 478.45 | 2,155.00 |
| | (v) Other financial assets | 1,014.26 | 1,699.80 |
| | **Total Financial assets** | **15,259.98** | **14,861.63** |
| b) | Financial liabilities measured at amortised cost | | |
| | (i) Borrowings | 22,932.39 | 22,029.02 |
| | (ii) Lease liabilities | 465.47 | 556.15 |
| | (iii) Trade payables | 4,569.85 | 4,717.38 |
| | (iv) Other financial liabilities | 1,782.38 | 1,616.17 |
| | Financial liabilities measured at fair value through profit or loss | | |
| | Derivatives not designated as hedge | 110.15 | - |
| | **Total Financial liabilities** | **29,860.24** | **28,918.72** |

## 50B Reconciliation of Level 3 fair value measurements:

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Opening balance | 4.11 | 51.64 |
| Total gains or (losses) | | |
| Recognised in standalone statement of profit and loss. | - | (47.53) |
| Closing balance | 4.11 | 4.11 |

**51** Additions of ₹ 860.00 Lakhs to Product know-how represents development expenses incurred to achieve a predefined optimum yield on a product launched during the year where the application to patent this process is pending approval from Controller General of Patents, Designs and Trade Marks.

## 52 Fair value

Fair value of financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required :

( ₹ in Lakhs )

| | Carrying value | | Fair value | |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| Financial assets | | | | |
| Trade receivables | 9,611.96 | 7,744.28 | 9,611.96 | 7,744.28 |
| Cash and cash equivalents | 1,356.57 | 677.41 | 1,356.57 | 677.41 |
| Bank balances other than cash and cash equivalents | 2,773.80 | 2,559.54 | 2,773.80 | 2,559.54 |
| Loans | 478.45 | 2,155.00 | 478.45 | 2,155.00 |
| Other financial assets | 1,014.26 | 1,699.80 | 1,014.26 | 1,699.80 |
| **Total assets** | **15,235.04** | **14,836.03** | **15,235.04** | **14,836.03** |

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 52 Fair value (Contd.)

(₹ in Lakhs)

| | Carrying value | | Fair value | |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| **Financial liabilities** | | | | |
| Trade payables | 4,569.85 | 4,717.38 | 4,569.85 | 4,717.38 |
| Lease liabilities | 465.47 | 556.15 | 465.47 | 556.15 |
| Borrowings | 22,932.39 | 22,029.02 | 22,932.39 | 22,029.02 |
| Other financial liabilities | 1,782.38 | 1,616.17 | 1,782.38 | 1,616.17 |
| Derivatives not designated as hedge | 110.15 | - | 110.15 | - |
| **Total liabilities** | **29,860.24** | **28,918.72** | **29,860.24** | **28,918.72** |

The financial assets above do not include investments in subsidiaries which are measured at cost, investments in mutual funds measured at fair value through profit and loss and investments in equity instruments measured at fair value through OCI.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the standalone financial statements approximate their fair values.

### Fair value hierarchy

(₹ in Lakhs)

| | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | Fair Value | Fair value hierarchy | Fair Value | Fair value hierarchy |
| **Financial assets measured at fair value through Other comprehensive income** | | | | |
| Investments in equity shares-quoted | 20.83 | Level 1 | 21.49 | Level 1 |
| Investments in equity shares-unquoted | 4.11 | Level 3 | 4.11 | Level 3 |
| **Financial Liabilities measured at fair value through profit or loss** | | | | |
| Derivatives not designated as hedge | 110.15 | Level 2 | - | - |

## Note 53 - Segment information:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The Managing Director of the Company is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CODM of the Company. The Company has identified the following segments as reporting segments based on the information reviewed by CODM.

The business segments have been identified considering :

a) the nature of products and services

b) the differing risks and returns

c) the internal organisation and management structure, and

d) the internal financial reporting systems

The segment information presented is in accordance with the accounting policies adopted by the Company. Segment revenues, expenses and results include inter-segment transfers.

A) The primary reporting of the Company has been performed on the basis of business segments, viz:

Chemicals/Bulk Drug- Manufacturing and selling of chemicals, primarily bulk drugs and enzymes.

Property - Renting of properties

## Note 53 - Segment information: (Contd.)

Segments have been identified and reported based on the nature of the services, the risk and returns, the organisation structure and the internal financial reporting systems.

( ₹ in Lakhs )

| | | | 2020-2021 / *2019-2020* Bulk Drug/Chemicals | Property | Total |
|---|---|---|---|---|---|
| a. | Revenue | | | | |
| | 1 | Segment revenue | 35,537.23 | 1,744.91 | 37,282.14 |
| | | | *28,305.62* | *1,945.05* | *30,250.67* |
| | | Less : Inter-segment revenue | - | - | - |
| | | | *-* | *212.33* | *212.33* |
| | | Unallocated revenue (net) | | | 661.81 |
| | | | | | *1,243.63* |
| | 2 | Total | | | 37,943.96 |
| | | | | | *31,281.97* |
| b. | Result | | | | |
| | 1 | Segment profit | 7,028.44 | 924.48 | 7,952.92 |
| | | | *5,958.00* | *571.30* | *6,529.30* |
| | 2 | Finance costs | | | 1,807.48 |
| | | | | | *1,932.04* |
| | 3 | Unallocable income/(expenditure) (net) | | | 177.46 |
| | | | | | *157.40* |
| | 4 | Inter segment results | | | - |
| | | | | | *-* |
| | 5 | Profit before tax | | | 6,322.90 |
| | | | | | *4,754.66* |
| | 6 | Tax expense | | | |
| | | - current tax | | | 1,125.79 |
| | | | | | *336.55* |
| | | - deferred tax credit | | | 0.26 |
| | | | | | *(1,948.92)* |
| | 7 | Profit after tax | | | 5,196.85 |
| | | | | | *6,367.04* |
| c. | Other information | | | | |
| | 1. | Segment assets | 48,292.31 | 7,496.72 | 55,789.03 |
| | | | *40,418.44* | *8,014.40* | *48,432.84* |
| | 2 | Unallocated corporate assets | | | 12,464.75 |
| | | | | | *12,528.22* |
| | 3. | Total assets | | | 68,253.78 |
| | | | | | *60,961.06* |
| | 4. | Segment liabilities | 6,824.54 | 802.95 | 7,627.49 |
| | | | *6,278.80* | *813.85* | *7,092.65* |
| | 5. | Unallocated corporate liabilities | | | 23,581.47 |
| | | | | | *22,608.22* |
| | 6. | Total liabilities | | | 31,208.96 |
| | | | | | *29,700.87* |

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## Note 53 - Segment information: (Contd.)

(₹ in Lakhs )

| | | 2020-2021<br>2019-2020<br>Bulk Drug/Chemicals | Property | Total |
|---|---|---|---|---|
| 7. | Cost incurred during the year to acquire | | | |
| | - segment tangible and intangible assets | 5,491.97 | - | 5,491.97 |
| | | *6,380.75* | - | *6,380.75* |
| | - unallocated segment tangible and intangible assets | | | - |
| | | | | - |
| 8. | Depreciation and amortization expense | 1,544.62 | 345.99 | 1,890.61 |
| | | *1,121.68* | *355.50* | *1,477.18* |
| 9 | Unallocated depreciation | | | 12.53 |
| | | | | *16.66* |

*(Figures in italics are the corresponding figures in respect of the previous year.)*

### B) Geographical information

Geographical information is reported on the basis of the geographical location of the customers. The management views the Indian market and export markets as distinct geographical markets.

Revenue by market – The following is the distribution of the Company's revenue by geographical market:

(₹ in Lakhs )

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| India | | |
| Bulk Drug/Chemicals | 8,852.93 | 8,420.14 |
| Property | 1,744.91 | 1,732.72 |
| Europe - Bulk Drug/Chemicals | 12,415.26 | 9,391.23 |
| USA - Bulk Drug/Chemicals | 4,815.99 | 3,002.28 |
| Others countries - Bulk Drug/Chemicals | 9,453.06 | 7,504.28 |
| | 37,282.15 | 30,050.65 |

Assets by geographical area – The following is the carrying amount of segment non-current assets by geographical area in which the assets are located:

(₹ in Lakhs )

| | Non-Current assets* | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| India | | |
| Bulk Drug/Chemicals | 22,129.08 | 17,871.56 |
| Property | 8,518.43 | 8,886.93 |
| Total | 30,647.51 | 26,758.49 |

* Non-current assets exclude investments, loans, share application money, other financial assets, tax assets and other non current assets.

The Company's operating facilities are located in India.

The Company has generated revenue aggregating ₹ 3,982.79 Lakhs from a customers (March 31, 2020 ₹ 6,529.96 Lakhs from two customers). Revenue from each of these customers is 10% or more of the Company's total revenue.

## 54 Financial risk management objectives and policies

The Company is exposed to credit risk, liquidity risk and market risk. The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

### a) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates, commodity prices and equity price risk). Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term borrowings. The Company is exposed to market risks related to foreign exchange rate risk, commodity rate risk, interest rate risk and other price risks, such as equity price risks. Thus, the Company's exposure to market risk is a function of borrowing activities, revenue generating and operating activities in foreign currencies.

#### i) Equity price risk

The Company's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investments in securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Company's Board of Directors review and approve, all investments in the equity instruments.

As at March 31, 2021, the Company had exposure to equity securities measured at fair value. The changes in fair values of the equity investments were strongly positively co-related with changes in market index. As at March 31, 2021, the Company did not have material investments in / exposure to quoted or unquoted securities.

#### ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short term borrowings obligations with floating interest rates.

The Company manages it's interest rate risk by having a balanced portfolio of long term and short term borrowings.

For the years ended March 31, 2021 and March 31, 2020 every 50 basis point decrease in the floating interest rate component applicable to its loan and borrowings would increase the Company's profit by ₹ 115.71 Lakhs and ₹ 110.09 Lakhs respectively. A 50 basis point increase in floating interest rate would lead to an equal but opposite effect.

#### iii) Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. The prices of the Company's raw materials generally are stable. Cost of raw materials forms the largest portion of the Company's cost of revenues. A large portion of the Company's sales are subject to commodity rate risk having a volatile pricing. The Company monitors overall demand supply position and pricing movement to decide marketing strategies to overcome risk of changing prices of the products.

#### iv) Foreign currency risk

The Company's foreign exchange risk arises from its foreign currency revenues and expenses and foreign currency borrowings. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company largely uses the natural hedge to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

The year end foreign currency exposures that have not been hedged (before giving effects of natural hedge) by derivative instrument or otherwise are given below:

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 54 Financial risk management objectives and policies (Contd.)

A) Significant foreign currency risk exposure relating to trade receivables and cash and cash equivalents :

(₹ in Lakhs )

| Particulars | Currency | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|---|
| | | Amount in foreign currency ( in Lakhs ) | ₹ in Lakhs | Amount in foreign currency ( in Lakhs ) | ₹ in Lakhs |
| Financial assets | | | | | |
| Cash and cash equivalents (including EEFC) | EURO | 2.77 | 238.12 | 5.60 | 465.11 |
| | USD | 5.40 | 396.16 | 1.31 | 98.13 |
| | SGD | 0.02 | 0.90 | 0.02 | 0.87 |
| Trade receivables and other financial assets | USD | 70.19 | 5,145.28 | 46.68 | 3,506.00 |
| | EURO | 48.75 | 4,195.14 | 43.67 | 3,626.60 |

B) Significant foreign currency risk exposure relating to borrowings and trade payables :

(₹ in Lakhs )

| Particulars | Currency | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|---|
| | | Amount in foreign currency ( in Lakhs ) | ₹ in Lakhs | Amount in foreign currency ( in Lakhs ) | ₹ in Lakhs |
| Financial liabilities | | | | | |
| Trade payables | EURO | - | - | 11.30 | 940.42 |
| | USD | 13.35 | 978.41 | 5.39 | 405.29 |
| | CZK | - | - | 0.01 | 0.03 |
| | GBP | - | - | 0.01 | 0.60 |
| Borrowings ( PCFC ) | EURO | 57.88 | 4,980.68 | 62.33 | 5,185.86 |
| | USD | 8.53 | 625.56 | 16.40 | 1,233.97 |
| External Commercial borrowing (ECB) | EURO | 16.65 | 1,432.31 | 22.52 | 1,873.85 |
| Foreign Currency Term Loan (FCTL) | EURO | 12.73 | 1,095.61 | 22.52 | 1,873.40 |

C) Foreign currency sensitivity

For the years ended March 31, 2021 and March 31, 2020, every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets / liabilities would increase the Company's profit and increase the Company's total equity by approximately ₹ 21.07 Lakhs and ₹ 190.61 Lakhs, respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to equal but opposite effect. In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

D) Derivative contracts

The Company is exposed to exchange rate risk that arises from its foreign exchange revenues and expenses, primarily in US Dollars and Euros and foreign currency debts in US dollars and Euros. The Company uses cross currency interest rate swap (known as, "derivatives") to mitigate its risk of changes in foreign currency exchange rates. The counterparty for these contracts is generally a bank.

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contract:

(₹ in Lakhs )

| Particulars | Currency | Buy/Sell | Cross Currency | March 31, 2021 | March 31, 2020 |
|---|---|---|---|---|---|
| Derivatives not designated as hedges | | | | | |
| Cross currency interest rate swap | EUR | Buy | INR | 28.32 | - |

## 54 Financial risk management objectives and policies (Contd.)

### b) Credit risk

Credit risk is the risk of financial loss, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers, loans and other financial assets. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure.

#### i) Trade receivables

The Company has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers. The Company evaluates the concentration of risk with respect to trade receivables which is low, as its customers are widely spread with small outstanding amounts (For detailed movement in provision for trade receivables - Refer note 14)

(₹ in Lakhs )

| Trade receivables | March 31, 2021 | March 31, 2020 |
|---|---:|---:|
| Not due | 6,189.38 | 3,517.27 |
| 1 - 90 days | 986.35 | 2,702.74 |
| 91 -180 days | 150.32 | 1,471.44 |
| Beyond 180 days | 2,767.15 | 419.44 |
| | 10,093.20 | 8,110.89 |

#### ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. Credit risk in case of Intercorporate deposit given is managed by the Company in accordance with the Company's policy. ICD only be given out of surplus funds, are made only with the approval of the Board of Directors and are reviewed by the Board on an annual basis.

### c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations as they fall due. The Company's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and investment in liquid banks deposits to meet the Company's operating requirements with an appropriate level of headroom. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

#### i) Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

(₹ in Lakhs )

| March 31, 2021 | Less than 1 year | 1 to 5 years | More than 5 years | Total |
|---|---:|---:|---:|---:|
| Borrowings | 11,888.59 | 6,360.48 | 4,683.32 | 22,932.39 |
| Trade payables | 4,569.85 | - | - | 4,569.85 |
| Lease liabilities | 116.46 | 164.16 | 184.85 | 465.47 |
| Other financial liabilities (including derivatives not designated as hedge) | 1,844.71 | 47.82 | - | 1,892.53 |
| Total | 18,419.62 | 6,572.45 | 4,868.17 | 29,860.24 |

# Notes to the Standalone financial statements
for the year ended March 31, 2021

## 54 Financial risk management objectives and policies (Contd.)

(₹ in Lakhs )

| March 31, 2020 | Less than 1 year | 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Borrowings | 11,850.35 | 5,207.06 | 4,971.61 | 22,029.02 |
| Trade payables | 4,717.38 | - | - | 4,717.38 |
| Lease liabilities | 105.19 | 265.68 | 185.28 | 556.15 |
| Other financial liabilities | 1,556.73 | 59.44 | - | 1,616.17 |
| **Total** | **18,229.65** | **5,532.18** | **5,156.89** | **28,918.72** |

The Company had unutilised credit limit of borrowing facilities as at March 31, 2021: ₹ 2,084.00 Lakhs and as at March 31, 2020 ₹ 3,400.00 Lakhs from banks.

## 55 Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less Cash and cash equivalents presented on the face of the standalone financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

(i) The gearing ratio at the end of the year was as follows:

(₹ in Lakhs )

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Debts (Term loans and loans repayable on demand including current maturities of long term debts) | 22,932.39 | 22,029.02 |
| Less: Cash and cash equivalents (Refer note 15) | 1,356.57 | 677.41 |
| **Net debt** | **21,575.82** | **21,351.61** |
| **Total equity** | 37,044.82 | 31,260.19 |
| **Net debt to equity ratio** | **58%** | **68%** |

(ii) Dividend on equity shares paid during the year

(₹ in Lakhs )

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Dividend on equity shares** | | |
| Dividend for the year ended March 31, 2019 of ₹ 1.25 per share on 91,72,792 equity shares of ₹ 5.00/- each, fully paid up | - | 114.68 |
| Dividend distribution tax on above | - | 23.57 |
| Interim dividend paid during the year ended March 31, 2020 of ₹ 5.00/- per share on 96,15,774 equity shares (net of 1,94,555 equity shares of ₹ 5.00/- each which were held by ESOP Trust) [Refer note 20(a)] | - | 480.78 |
| Dividend distribution tax on above | - | 100.82 |

Dividends not recognised at the end of the reporting period

The Board of Directors of the Company at its meeting held on June 29, 2021 have recommended dividend of ₹ 2.50 per share. The proposed dividend is subject to the approval of shareholders in the ensuring annual general meeting and hence not recognised as a liability.

## 56 Investment properties

The Company's investment properties consist of Thane One Building and freehold land located at Majiwade Thane. Out of the 16 floors, ground to 13 floors have been considered as Investment property by the Management. In addition to Thane One building and freehold land at Thane, the Company has freehold land at Takawe area.

Criteria used for classification of property as investment property

The Company has considered the following for classification of property as investment property:

(i) Investment property comprises building and other assets required to provide ancillary services to the occupants of the investment property.

(ii) The properties that are not occupied by the Company for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment property. The Company has a building which is primarily meant for renting is classified as an investment property, except for the part of that building which is used for administrative purposes, and hence classified as owner-occupied property. The Company has apportioned the cost of the property between investment property and owner-occupied property in the ratio of area used, respectively, as a percentage of total area.

Estimation of fair value

The fair value of the Investment Property has been determined as ₹ 40,547.70 Lakhs. (March 31, 2020 ₹ 42,508.90 Lakhs).The fair value has been determined by an external, independent property valuer, having appropriate professional qualification and recent experience in the location and category of the property being valued. The Company obtained independent valuation for its investment property and fair value measurement has been categorised as Level 3. The fair value has been arrived at by using comparable market rate approach. The main inputs used are quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent in village Majiwada area and Takawe area.

Amount recognised in Standalone statement of profit and loss

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Income from investment properties | 1,525.43 | 1,505.54 |
| Less: Direct operating expenses (including repairs and maintenance) generating income from investment properties | 600.95 | 934.24 |
| Income arising from investment properties | 924.48 | 571.30 |
| Less: Depreciation | (254.71) | (255.55) |
| **Income/(loss) arising from investment properties after depreciation** | **669.77** | **315.75** |

Refer note 43(B) for operating lease arrangements and total future minimum lease rentals receivable

Refer note 22 for the existence of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal

## 57 Share-based payments

### Employee share option plan of the Company

#### 1.1 Details of the employee share option plan of the Company

This ESOP 2019 scheme has been framed pursuant to the Scheme of Amalgamation between the erstwhile Fermenta Biotech Limited ("Transferor Company") with the DIL Limited ("Transferee Company") and their respective shareholders. The Transferor Company prior to the Scheme of Amalgamation had implemented the 'Fermenta Biotech Limited - Employee Stock Option Plan 2019' and were granted employee stock options to its eligible employees. Further, the number of transferee options issued shall equal to the product of number of transferor options outstanding on effectiveness of Scheme multiplied by the Share exchange ratio (0.398) and each transferee option shall have an exercise price per equity share equal to transferor option exercise price per equity shares divided by the share exchange ratio (0.398) and fractions rounded off to the next higher whole number. The terms and conditions of ESOP 2019 Scheme of DIL Limited are not less favourable than those of ESOP Scheme of erstwhile Fermenta Biotech Limited. Under the ESOP 2019 Scheme, stock options have been issued to the eligible employees of erstwhile Fermenta Biotech Limited (Refer note 1.2).

# Notes to the Standalone financial statements

for the year ended March 31, 2021

## 57 Share-based payments (Contd.)

In accordance with the terms of the plan, as approved by the erstwhile shareholders of Fermenta Biotech Limited at an extra general meeting, executives and senior employees with the Company were granted options to purchase equity shares.

Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is calculated in accordance with the performance-based formula and is subject to approval by the remuneration committee. The formula rewards executives and senior employees to the extent of the Company's and the individual's achievement judged against both qualitative and quantitative criteria.

The following share-based payment arrangements were in existence during the current year:

| Options series | Number** | Grant date | Expiry date | Exercise price | Fair value at grant date |
|---|---|---|---|---|---|
| Plan 1 (60% of options granted under ESOP 2019) | 160,708 | 25.02.2019, 12.08.2019 and 01.09.2020 | 25.02.2025, 12.08.2025 and 28.02.2025 | 83.67 | 421.71 and 298.16 |
| Plan 1 (20% of options granted under ESOP 2019) | 53,570 | 25.02.2019, 12.08.2019 and 01.09.2020 | 25.02.2026, 12.08.2026 and 28.02.2026 | 83.67 | 421.71 and 298.16 |
| Plan 1 (20% of options granted under ESOP 2019) | 53,570 | 25.02.2019, 12.08.2019 and 01.09.2020 | 25.02.2027, 12.08.2027 and 28.02.2027 | 83.67 | 421.71 and 298.16 |
| Plan 2 (100% of options granted under ESOP 2019) | 217,410 | 25.02.2019 | 25.02.2025 | 83.67 | 418.22 |

Options granted under ESOP 2019 shall vest not before 1 (one) year and not later than maximum Vesting Period of 5 (five) years from the date of grant of such Options. Subject to the minimum vesting period of one year, the Nomination and Remuneration Committee of the Board at its discretion approve for acceleration of Vesting of any or all unvested Options of the Option Grantee.

The above number of options, fair value at grant dates and exercise price were adjusted in accordance with the Share exchange ratio (0.398:1) as per the scheme of amalgamation.

**The number of options are after giving effect of the amalgamation and bonus shares issued during the previous year.

### 1.2 Fair value of share options granted

The weighted average fair value of the share options granted during the financial year is ₹ 298.16 (previous year ₹ 421.71). Options were priced using Black-Scholes option pricing model. Where relevant, the expected life used in the model has been calculated based on a weighted average of vests. Expected volatility is based on the historical share price information of similar listed entities.

| | Option series | | | |
|---|---|---|---|---|
| Inputs into the model | Plan 1 (60% of options granted under ESOP 2019) | Plan 1 (20% of options granted under ESOP 2019) | Plan 1 (20% of options granted under ESOP 2019) | Plan 2 (100% of options granted under ESOP 2019) |
| Grant date share price | 421.71 and 298.16 | 421.71 and 298.16 | 421.71 and 298.16 | 418.22 |
| Exercise price | 83.67 | 83.67 | 83.67 | 83.67 |
| Expected volatility | 69.28% and 65.33% | 68.83% and 61.84% | 68.08% and 60.02% | 69.28% |
| Option life | 4.51 years and 4 years | 5.51 years and 5 years | 6.51 years and 6 years | 4.51 years |
| Dividend yield | 0% and 0.57% | 0% and 0.57% | 0% and 0.57% | 0.00% |
| Risk-free interest rate | 7.14% and 5.22% | 7.25% and 5.53% | 7.35% and 5.78% | 7.14% |

## 57 Share-based payments (Contd.)

### 1.3 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

| | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Balance at beginning of year | 427,647 | 83.67 | 140,199 | 83.67 |
| Pursuant to scheme of amalgamation (Refer Note 1.2) | - | - | - | - |
| Granted during the year | 70,278 | 83.67 | 5,219.00 | 83.67 |
| Forfeited during the year | 12,667 | 83.67 | 2,869.00 | 83.67 |
| Bonus options issued during the year | - | - | 285,098 | 83.67 |
| Exercised during the year | - | - | - | - |
| Expired during the year | - | - | - | - |
| Balance at end of year | 485,258 | - | 427,647 | 83.67 |

Number of shares and exercise price are adjusted in accordance with the Share exchange ratio (0.398:1) as per the scheme of amalgamation for the year ended March 31, 2020.

No share options were exercised during the year .

### 1.4 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 83.67 (as at March 31, 2020: ₹ 83.67), and a weighted average remaining contractual life of 1.84 years.

58 a) In view of the amalgamation referred to in note 1.2, the Company, in the previous year, had recognised a deferred tax asset on unutilised carried forward losses and depreciation in respect of DIL Limited as it is probable that future taxable profits will be available against which the unutilised carried forward losses can be utilised.

b) During the previous year ended March 31, 2020, the management has assessed the recoverability of MAT credit entitlement and recognised MAT credit of ₹ 5,072.14 Lakhs (presented within deferred tax asset). Further, the effect of change in the Minimum alternative tax rate from 18% to 15% plus applicable surcharge and health and education cess thereon as enacted in the Taxation Law (Amendment) Ordinance, 2019 and also a change in the income tax rate from 30% to 25% plus applicable surcharge and health and education cess thereon as enacted in the Union Budget 2019 for companies which have turnover less than 400 Crores for the financial year 2017-18. Accordingly, the Company had measured the deferred taxes (other than MAT credit entitlement as referred above) as at March 31, 2020 at the eligible tax rate of 25% plus applicable surcharge and health and education cess thereon.

c) The combined effects of the above [58(a) and 58(b)] have been included in the tax expense for the year ended March 31, 2020: reversal of current tax by ₹ 510.03 Lakhs and net credit for deferred tax of ₹ 1,611.08 Lakhs.

## 59 Capitalisation of borrowing costs

During the year ended March 31, 2021, the Company capitalised the following borrowing costs attributable to qualifying assets to the cost of property, plant and equipment / capital work-in-progress (CWIP). Consequently, finance costs disclosed under note 36 are net of amounts capitalised by the Company.

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Finance costs (Including forex revaluation) | 328.44 | 234.29 |
| **Total** | **328.44** | **234.29** |

# Notes to the Standalone financial statements

for the year ended March 31, 2021

60 The Company had given (unsecured) Inter-corporate deposits aggregating ₹ 2,130.00 Lakhs in various tranches to another entity for the development of the new product i.e. cholesterol from Fish Oil. The amount outstanding as on March 31, 2021 is ₹ 521.96 Lakhs, including interest of ₹ 46.96 Lakhs. Subsequent to the end of the year, the other entity has further repaid an amount of ₹ 521.96 Lakhs towards the aggregate outstanding as mentioned above, and there is no outstanding against the said Inter-corporate deposits as on date.

61 As per the current assessment of the situation based on the internal and external information available up to the date of approval of these standalone financial statements by the Board of Directors, the Company believes that the Impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited. The eventual outcome of the impact of the global health pandemic may be different from those-estimated as on the date of approval of these standalone financial statements and the Company will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

62 The Standalone financial statements were approved for issue by the Board of Directors on June29, 2021.

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

Krishna Datla
*Executive-Vice Chairman*

Prashant Nagre
*Managing Director*

Satish Varma
*Executive Director*

Sumesh Gandhi
*Chief Financial Officer*

Srikant N. Sharma
*Company Secretary*

Mumbai, June 29, 2021

# Independent Auditor's Report

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

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Fermenta Biotech Limited (formerly known as DIL Limited) ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit/loss in its associate, which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraph (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Key Audit Matters

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

| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1 | <u>Recoverability of MAT credit entitlement - (See Notes 2.2(j) and 56C to the consolidated financial statements)</u><br><br>Unused tax credits in the form of MAT credits is recognized to the extent it is reasonably certain that sufficient taxable profits will be available in the future against which such MAT credits can be utilized.<br><br>The Parent Company has recognised MAT credit entitlement amounting to ₹ 5,398.99 Lakhs (presented within deferred tax asset) as at March 31, 2021.<br><br>The recoverability of such MAT credit entitlement is considered as a key audit matter as it involves significant management judgement including accounting estimates relating to profitability forecasts, availability of sufficient taxable income in the future and recoverability within the specified period of time. | <u>Our principal audit procedures performed included, among others:</u><br><br>▪ Evaluated the design and implementation and tested the operating effectiveness of controls related to the assessment of recoverability of MAT credit entitlement.<br><br>▪ Evaluated and discussed with the Parent's Management the appropriateness of assumptions and evidences supporting the underlying profitability forecasts. Assessed the assumptions used in the profitability forecasts along with the Parent Company's tax position including the timing of future taxable profits. We also performed retrospective review and sensitivity analysis on the key assumptions used in aforementioned profitability forecast for recoverability of MAT credit entitlement.<br><br>▪ Assessed the adequacy of disclosures made in the consolidated financial statements of the Group. |

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, for example, management discussion and analysis, report of the Board of Directors, etc. but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.
- If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Consolidated Financial Statements

The Parent's Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its Associate in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

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

The respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

## Other Matters

(a) We did not audit the financial statements of 5 subsidiaries, whose financial statements reflect total assets of ₹ 6,430.89 Lakhs as at March 31, 2021, total revenues of ₹ 2,805.49 Lakhs and net cash inflows amounting to ₹ 240.46 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The above figures are before giving effects of any consolidation adjustments. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management of the Parent and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) We did not audit the financial information of 2 subsidiaries, whose financial information reflect total assets of ₹ 40.70 Lakhs as at March 31, 2021, total revenues of ₹ 2.85 Lakhs and net cash inflows amounting to ₹ 3.02 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The above figures are before giving effects of any consolidation adjustments. The consolidated financial statements also include the Group's share of net profit/loss of ₹ Nil for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of an associate, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management of the Parent and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management of the Parent, these financial information are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management of the Parent.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in the Annexure, which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

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, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

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 the consolidated financial position of the Group and its associate - See Note 60 to the consolidated financial statements;

    ii) The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.

    iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies, incorporated in India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
UDIN: 21036920AAAACP6782

Place: Mumbai
Date: June 29, 2021

# Annexure "A" to the Independent Auditor's Report

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

## Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Fermenta Biotech Limited (formerly known as DIL Limited) (hereinafter referred to as "the Parent") and its subsidiary companies (excluding an associate which is unaudited), which are companies incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India, have, 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 March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 2 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
UDIN: 21036920AAAACP6782

Place: Mumbai
Date: June 29, 2021

# Consolidated Balance sheet

as at March 31, 2021

( ₹ in Lakhs )

| | Notes | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 15,378.50 | 10,400.35 |
| (b) Capital work-in-progress | | 5,270.11 | 6,707.51 |
| (c) Right-of-use assets | 4 | 1,292.55 | 1,428.46 |
| (d) Investment property | 5A | 6,870.38 | 7,126.17 |
| (e) Goodwill | 5B | 1,071.35 | 412.79 |
| (f) Other intangible assets | 6 | 1,680.35 | 647.56 |
| (g) Intangible assets under development | | 420.55 | 369.38 |
| (h) Investments in an associate | 7 | - | - |
| (i) Financial assets | | | |
| (i) Investments | 8 | 24.94 | 25.60 |
| (ii) Share application money | 9 | - | - |
| (iii) Loans | 10 | 1.85 | 25.00 |
| (iv) Other financial assets | 11 | 219.25 | 405.68 |
| (j) Deferred tax assets (net) | 56C | 4,031.01 | 3,810.51 |
| (k) Non-current tax assets (net) | 12 | 1,131.38 | 908.25 |
| (l) Other non-current assets | 13 | 353.25 | 698.88 |
| Total non-current assets | | 37,745.47 | 32,966.14 |
| Current assets | | | |
| (a) Inventories | 14 | 16,227.05 | 12,858.19 |
| (b) Financial assets | | | |
| (i) Trade receivables | 15 | 6,801.48 | 6,977.42 |
| (ii) Cash and cash equivalents | 16 | 1,679.44 | 751.45 |
| (iii) Bank balances other than (ii) above | 17 | 2,773.80 | 2,559.54 |
| (iv) Loans | 18 | 476.60 | 2,130.00 |
| (v) Other financial assets | 19 | 347.83 | 637.27 |
| (c) Other current assets | 20 | 2,655.95 | 2,487.44 |
| Total current assets | | 30,962.15 | 28,401.31 |
| TOTAL ASSETS | | 68,707.62 | 61,367.45 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 21 | 1,442.37 | 1,442.37 |
| (b) Other equity | 22 | 34,616.65 | 29,501.17 |
| Equity attributable to owners of the Company | | 36,059.02 | 30,943.54 |
| Non-controlling interests | | (29.63) | 1.24 |
| Total equity | | 36,029.39 | 30,944.78 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 23 | 11,043.80 | 10,178.67 |
| (ii) Lease liabilities | 42 | 170.02 | 264.07 |
| (iii) Other financial liabilities | 24 | 47.82 | 59.44 |
| (b) Provisions | 25 | 449.20 | 405.83 |
| (c) Other non-current liabilities | 26 | 34.04 | 54.93 |
| Total non-current liabilities | | 11,744.88 | 10,962.94 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 27 | 9,629.95 | 10,433.30 |
| (ii) Lease liabilities | 42 | 116.19 | 104.85 |
| (iii) Trade payables | | | |
| (A) Total outstanding dues of micro and small enterprises and; | 62 | 78.34 | 98.01 |
| (B) Total outstanding dues of creditors other than micro and small enterprises | | 6,135.37 | 5,535.46 |
| (iv) Other financial liabilities | 28 | 4,103.34 | 2,973.76 |
| (b) Other current liabilities | 29 | 770.33 | 233.62 |
| (c) Provisions | 30 | 67.82 | 48.71 |
| (d) Current tax liabilities (net) | 31 | 32.01 | 32.02 |
| Total current liabilities | | 20,933.35 | 19,459.73 |
| TOTAL EQUITY AND LIABILITIES | | 68,707.62 | 61,367.45 |
| See accompanying notes 1 to 66 to the Consolidated financial statements | 1-66 | | |

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
*Chartered Accountants*

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

Rajesh K. Hiranandani
*Partner*

Krishna Datla
*Executive-Vice Chairman*

Prashant Nagre
*Managing Director*

Satish Varma
*Executive Director*

Sumesh Gandhi
*Chief Financial Officer*

Srikant N. Sharma
*Company Secretary*

Mumbai, June 29, 2021

Thane, June 29, 2021

# Consolidated Statement of Profit and Loss

## for the year ended March 31, 2021

( ₹ in Lakhs )

| | Notes | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 31 | 37,728.88 | 29,294.92 |
| Other income | 32 | 825.05 | 1,232.30 |
| **Total Income** | | **38,553.93** | **30,527.22** |
| **Expenses** | | | |
| Cost of materials consumed | 34 | 14,194.63 | 10,561.26 |
| Purchases of stock-in-trade | | 2,117.36 | 50.15 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 35 | (2,874.72) | (2,708.90) |
| Employee benefits expense | 36 | 5,821.57 | 5,003.15 |
| Finance costs | 37 | 1,797.46 | 1,914.04 |
| Depreciation and amortisation expense | 38 | 2,030.84 | 1,499.97 |
| Other expenses | 39 | 10,303.73 | 9,865.54 |
| **Total expenses** | | **33,390.87** | **26,185.21** |
| **Profit before tax** | | **5,163.06** | **4,342.01** |
| **Tax expense:** | | | |
| Current tax | 56 | 1,129.02 | 338.88 |
| Deferred tax credit | 56C & 61 | (219.00) | (1,948.89) |
| **Total tax expense** | | **910.02** | **(1,610.01)** |
| **Profit for the year before share of profit/(loss) of an associate** | | **4,253.04** | **5,952.02** |
| - Share of profit/(loss) of an associate | | - | - |
| **Profit for the year** | | **4,253.04** | **5,952.02** |
| **Other comprehensive income:** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| a) (i) Remeasurements of defined benefit plan | | (5.11) | 240.63 |
| (ii) Income tax relating to remeasurements of defined benefit plan | | 1.49 | (70.07) |
| b) Net fair value change in investment in equity instruments through other comprehensive income | | (0.65) | 11.34 |
| **Items that will be reclassified to profit or loss** | | | |
| Exchange differences in translating the financial statements of foreign operations | | (22.97) | (8.33) |
| **Total other comprehensive income / (loss) for the year (a+b)** | | **(27.24)** | **173.57** |
| **Total comprehensive income for the year** | | **4,225.80** | **6,125.59** |
| **Profit for the year attributable to:** | | | |
| - Owners of the Company | | 4,550.66 | 5,952.60 |
| - Non-controlling interests | | (297.62) | (0.58) |
| | | **4,253.04** | **5,952.02** |
| **Total other comprehensive income / (loss) for the year** | | | |
| - Owners of the Company | | (27.24) | 173.57 |
| - Non-controlling interests | | - | - |
| | | **(27.24)** | **173.57** |
| **Total comprehensive income for the year attributable to:** | | | |
| - Owners of the Company | | 4,523.42 | 6,126.17 |
| - Non-controlling interests | | (297.62) | (0.58) |
| | | **4,225.80** | **6,125.59** |
| **Earnings per equity share of ₹ 5 each** | 40 | | |
| Basic (in ₹) | | 15.77 | 20.63 |
| Diluted (in ₹) | | 15.69 | 20.53 |
| See accompanying notes 1 to 66 to the Consolidated financial statements | | | |

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
*Chartered Accountants*

**Rajesh K. Hiranandani**
*Partner*

Mumbai, June 29, 2021

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

**Krishna Datla**
*Executive-Vice Chairman*

**Prashant Nagre**
*Managing Director*

**Satish Varma**
*Executive Director*

**Sumesh Gandhi**
*Chief Financial Officer*

**Srikant N. Sharma**
*Company Secretary*

Thane, June 29, 2021

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

## (a) Equity share capital

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Balance at the beginning of the year | 1,442.37 | 458.64 |
| Add: Issue of shares pursuant to scheme of amalgamation (Refer note 1.2) | - | 22.15 |
| Add: Issue of Bonus shares | - | 961.58 |
| **Balance at the end of the year** | 1,442.37 | 1,442.37 |

## (b) Other equity

(₹ in Lakhs)

| | Reserves and surplus | | | | | | | Items of other comprehensive income | | Attributable to the Owners of the Parent Company | Non Controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve | Capital reserve pursuant to amalgamation | Capital redemption reserve | Unrealised gain/(loss) on dilution | General reserve | Share options outstanding account | Retained earnings | Foreign currency translation reserve | Equity instruments through OCI | | | |
| Balance as at April 01, 2019 | 1,140.00 | 1,074.20 | 70.00 | (4,242.23) | 4,507.38 | 52.80 | 21,960.01 | - | 11.83 | 24,573.99 | 1.82 | 24,575.81 |
| Profit for the year | - | - | - | - | - | - | 5,952.60 | - | - | 5,952.60 | (0.58) | 5,952.02 |
| Recognition of share based payments | - | - | - | - | - | 554.69 | - | - | - | 554.69 | - | 554.69 |
| Payment of dividend (including dividend distribution tax) | - | - | - | - | - | - | (719.84) | - | - | (719.84) | - | (719.84) |
| Incremental expenses on amalgamation | - | - | - | - | - | - | (72.26) | | | (72.26) | | (72.26) |
| Utilised for issue of bonus shares | - | - | - | - | (961.58) | - | - | - | - | (961.58) | - | (961.58) |
| Other comprehensive income for the year | - | - | - | - | - | - | 170.56 | (8.33) | 11.34 | 173.57 | - | 173.57 |
| Balance as at March 31, 2020 | 1,140.00 | 1,074.20 | 70.00 | (4,242.23) | 3,545.80 | 607.49 | 27,291.07 | (8.33) | 23.17 | 29,501.17 | 1.24 | 29,502.41 |
| Profit for the year | - | - | - | - | - | - | 4,550.66 | - | - | 4,550.66 | (297.62) | 4,253.04 |
| Recognition of share based payments | - | - | - | - | - | 592.05 | - | - | - | 592.05 | - | 592.05 |
| Acquisition of a subsidiary (Refer Note 57) | - | - | - | - | - | - | - | - | - | - | 266.75 | 266.75 |
| **Other comprehensive income for the year** | - | - | - | - | - | - | (3.62) | (22.97) | (0.65) | (27.23) | - | (27.23) |
| Balance as at March 31, 2021 | 1,140.00 | 1,074.20 | 70.00 | (4,242.23) | 3,545.80 | 1,199.54 | 31,838.12 | (31.30) | 22.52 | 34,616.65 | (29.63) | 34587.02 |

'@Represents remeasurement of defined benefits plan

See accompanying notes 1 to 66 to the Consolidated financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
*Chartered Accountants*

Rajesh K. Hiranandani
*Partner*

Mumbai, June 29, 2021

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

Krishna Datla
*Executive-Vice Chairman*

Prashant Nagre
*Managing Director*

Satish Varma
*Executive Director*

Sumesh Gandhi
*Chief Financial Officer*

Srikant N. Sharma
*Company Secretary*

Tahne, June 29, 2021

# Consolidated Cash Flow Statement

for the year ended March 31, 2021

₹ in Lakhs

| PARTICULARS | March 31, 2021 | March 31, 2020 |
|---|---|---|
| A. Cash flows from operating activities | | |
| Profit before tax | 5,163.06 | 4,342.01 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 2,030.84 | 1,499.97 |
| Net unrealised foreign exchange (gain)/loss | (226.06) | 73.40 |
| Loss on sale/write off of property, plant and equipment (net) | 16.03 | 15.53 |
| Allowance for doubtful debts | 118.96 | 91.46 |
| Share based payments to employees | 592.05 | 554.69 |
| Allowance for doubtful advances | - | 31.96 |
| Impairment in the value of non-current investments | - | 43.94 |
| Gain on sale of financial assets - current investments | - | (4.81) |
| Finance costs | 1,797.46 | 1,914.04 |
| Interest income | (354.61) | (564.53) |
| Dividend income | (0.58) | (0.44) |
| Liabilities / provisions no longer required written back | (214.20) | (296.59) |
| Trade receivables and advances written off | 90.96 | 42.33 |
| Net loss on fair value changes of derivatives measured at FVTPL | 110.15 | - |
| **Operating profit before working capital changes** | **9,124.06** | **7,742.96** |
| Movements in working capital: | | |
| Decrease in trade receivables | 646.07 | 9.70 |
| Increase in inventories | (1,916.60) | (4,091.66) |
| (Increase) / Decrease in other assets | (215.25) | 1,131.50 |
| Increase/(Decrease) in trade payables | (752.50) | 1,554.66 |
| Increase in provisions | 57.37 | 14.00 |
| Increase / (decrease) in other liabilities | 668.73 | (1,520.76) |
| | **7,611.88** | **4,840.40** |
| Income taxes paid (net of refunds) | (1,352.16) | (1,394.44) |
| **Net cash generated from operations (A)** | **6,259.72** | **3,445.96** |
| B. Cash flows from investing activities | | |
| Payments for purchase of property, plant and equipment, investment property, capital work-in-progress, intangible assets and intangible assets under development | (5,527.09) | (6,846.93) |
| Proceeds on sale of property, plant and equipment | 1.27 | - |
| Intercorporate deposits given | - | (980.00) |
| Intercorporate deposits received back | 1,655.00 | - |
| Interest received | 478.81 | 460.09 |
| Acquisition of a subsidiary (Refer Note 57) | (943.85) | - |
| Proceeds from share application money received back | - | 597.00 |
| Proceeds from sale of current investments | - | 119.60 |
| Dividend received | 0.58 | 0.44 |
| Deposits (placed with)/ received back from a financial institution | 400.00 | (300.00) |
| Deposits with banks not considered as cash and cash equivalents (net) | (219.70) | 2,583.88 |
| **Net cash used in investing activities (B)** | **(4,154.97)** | **(4,365.92)** |

# Consolidated Cash Flow Statement
for the year ended March 31, 2021

₹ in Lakhs

| PARTICULARS | March 31, 2021 | March 31, 2020 |
|---|---|---|
| C. Cash flows from financing activities | | |
| Proceeds from long term borrowings | 2,916.54 | 3,085.98 |
| Repayment of long term borrowings | (1,500.50) | (6,528.31) |
| Net increase in short term borrowings | 358.46 | 1,688.96 |
| Finance costs | (1,753.42) | (2,055.93) |
| Repayment of Lease Liabilities | (135.40) | (213.86) |
| Dividends paid | - | (597.16) |
| Dividends distribution tax paid | - | (124.42) |
| **Net cash generated used in financing activities (C)** | **(114.32)** | **(4,744.74)** |
| **Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)** | **1,990.42** | **(5,664.70)** |
| **Add Cash and cash equivalents taken over on acquisition of a subsidiary (Refer Note 57)** | **61.15** | - |
| Cash and cash equivalents at the beginning of the year | (1,822.44) | 3,842.26 |
| **Cash and cash equivalents at the end of the year** | **229.13** | **(1,822.44)** |
| **Components of cash and cash equivalents** | | |
| Cash on hand | 4.77 | 4.32 |
| Balances with banks | | |
| In current accounts | 1,345.52 | 747.13 |
| Deposits with original maturity of less than 3 months | 329.15 | - |
| Cash and cash equivalents (Refer note 16) | **1,679.44** | **751.45** |
| Cash credit and Bank overdraft facilities included under loans repayable on demand (Refer note 27) | (1,450.31) | (2,573.89) |
| **Total cash and cash equivalents considered for cash flows** | **229.13** | **(1,822.44)** |
| See accompanying notes 1 to 66 to the Consolidated financial statements | | |

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
*Chartered Accountants*

**Rajesh K. Hiranandani**
*Partner*

Mumbai, June 29, 2021

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

**Krishna Datla**
*Executive-Vice Chairman*

**Prashant Nagre**
*Managing Director*

**Satish Varma**
*Executive Director*

**Sumesh Gandhi**
*Chief Financial Officer*

**Srikant N. Sharma**
*Company Secretary*

Thane, June 29, 2021

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 1.1 Corporate information

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

## 1.2 Scheme of amalgamation

The National Company Law Tribunal, Mumbai Bench, had approved the Scheme of Amalgamation between the Parent Company and erstwhile Fermenta Biotech Limited (FBL) and their respective shareholders. The Scheme had become effective from September 26, 2019. The appointed date of the Scheme was April 01, 2018. The amalgamation had been accounted as common control transaction in accordance with Appendix C of Ind AS 103 'Business Combinations'.

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

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

# 2. Significant accounting policies

## 2.1 Statement of compliance

The consolidated financial statements are prepared in accordance with and in compliance, in all material aspects, with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and other provisions of the Act. The financial statements of the Group have been consolidated using uniform accounting policies.

## 2.2 Basis of preparation and presentation

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

### a) Fair Value Measurement

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

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

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

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

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

### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company, and its subsidiaries as disclosed in Note 44. Control is achieved when the Parent Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component or other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-Group balances, transactions including unrealised gain / loss from such transactions and cash flows relating to transactions between members of the Group are eliminated upon consolidation.

### (c) Operating cycle

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

### (d) Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in 'Other equity' under 'gain / (loss) on dilution' and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### (e) Goodwill

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

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

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

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

## (f) Investments in associates and joint ventures

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. The carrying value of the Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. When the Group's share of losses of an associate or a joint venture exceeds its interest in that associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has obligations or has made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture and discontinues from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there any is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

### (g) Foreign currencies

Foreign currency transactions

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate). When a foreign operation is disposed of, the relevant amount in the Foreign Currency Translation Reserve is reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### (h) Borrowing costs

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

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

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

### (i) Employee Benefits

i) Short term and other long-term employee benefits:

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

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

ii) Termination benefits:

A) Defined contribution plans: The Group contributes towards state governed provident fund scheme, employee state insurance scheme (ESIC) and labour welfare fund to all applicable employees and superannuation scheme for eligible employees. The Group has no further payment obligations once the contributions have been paid. Hence payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

B) Defined benefit plan: The employees' gratuity fund scheme represents the defined benefit plan. The cost of providing benefits is determined using projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the assets (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

i) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

ii) net interest expenses or income; and

iii) remeasurement

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

iii) Share-based payments:

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

(a) Includes impact of market performance conditions (e.g. entity's share price)

(b) Excludes impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

(c) Excludes the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time)

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

## (j) Income Taxes

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

i) Current tax:

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

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances

ii) Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit under the Income Tax Act, 1961.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognized for all the deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

iii) Presentation of current and deferred tax:

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

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

### (k) Revenue recognition

The Group derives revenues primarily from sale of manufactured chemicals, bulk drugs, enzymes, pharmaceutical formulations, environmental solution products and rental income from investment property. Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Group in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Amounts collected on behalf of third parties such as sales tax, and Goods and Services Tax are excluded from revenue.

Sale of Goods:

The Group recognises revenue when it transfers control of a product or service to a customer. The control of goods is transferred to the customer depending upon the incoterms or as agreed with customer or delivery basis. Control is considered to be transferred to the customer:

- when the customer has ability to direct the use of such goods and obtain substantially all the benefits from it such as following delivery,

# Notes to the Consolidated financial statements

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- the customer has full discretion over the manner of distribution and price to sell the goods,
- the customer has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

Rental income from investment property

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Rendering of services:

Revenue from services rendered is recognised pro-rata over the period of the contract as the underlying services are performed.

Infrastructure support services, consists of maintenance of common area in the investment property and supply of essentials. Revenue from such services are recognised in accordance with the terms of the agreement entered into with individual lessees.

Interest and dividend:

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

Interest on income tax refund is recognised on receipt of refund order.

Dividend income is recognized when the Group's right to receive payment is established which is generally when shareholders approve the dividend.

Export Incentives:

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit under the Duty Drawback, Mercantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head "Other Operating Revenue" in the consolidated statement of profit and loss and is accounted in the year of export.

### (l) Property, plant and equipment (PPE)

The Group had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its property, plant and equipment.

**Measurement at recognition:**

Items of property, plant and equipment are stated in balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of property, plant and equipment and is recognised in profit or loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C of Schedule II of the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of property, plant and equipment are as follows:

| Assets | Estimated useful life (in years) |
|---|---|
| Buildings | 30-60 |
| Lease hold improvements (included in buildings) | 5-10 |
| Plant and equipment | 5-20 |
| Office Equipment (included in plant and equipment) | 5-6 |
| Computers (included in plant and equipment) | 3-6 |
| Furniture and fixtures | 6-10 |
| Vehicles | 8 |

### (m) Investment property

The Group had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its investment property.

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured-initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 requirements for cost model.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property

(b) commencement of development with a view to sale, for a transfer from investment property to inventories

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property;

(d) commencement of an operating lease to another party, for a transfer from inventories to investment property

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

The estimated useful lives of Investment property are as follows:

| Assets | Estimated useful life (in years) |
|---|---|
| Building | 60 |
| Plant and equipment | 15 |

### (n) Intangible assets

#### (a) Intangible assets acquired separately

The Group had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its intangible assets.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

# Notes to the Consolidated financial statements

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An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from use or disposal. Any gain or loss arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in consolidated statement of profit and loss when the assets is derecognised.

(b) Internally-generated intangible assets - Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An Internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if, all the below stated conditions are fulfilled:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) its intention to complete the asset and use or sell it;

(iii) its ability to use or sell the asset;

(iv) how the asset will generate probable future economic benefits;

(v) the availability of adequate resources to complete the development and to use or sell the asset; and

(vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible assets first meets the recognition criteria listed above. Where no internally-generated intangible assets can be recognised, development expenditure is recognised in the consolidated statement of profit and loss in the period in which incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible as intangible assets that are acquired separately.

The estimated useful lives of intangible assets are as follows:

| Assets | Estimated useful life (in years) |
|---|---|
| Computer software | 3-6 |
| Product know-how | 3-5 |

## (o) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for a reasonable and consistent allocation basis to be identified.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in the case of a cash generating unit (a Group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

[The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Group suitably adjusted for risks specified to the estimated cash flows of the asset.]

For this purpose, a cash generating unit is ascertained as the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

If recoverable amount of an asset (or a cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the consolidated statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit and loss.

### (p) Impairment of goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Any impairment loss for goodwill is recognised directly in profit or loss and is not reversed in subsequent periods.

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

### (q) Inventories

Inventories consisting of raw materials and packing materials, work-in-progress, stock-in-trade and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost of raw materials and packing materials and stock-in-trade comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

### (r) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

#### Financial assets
#### Initial recognition and measurement:

All financial assets are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial asset on initial recognition. Transaction costs directly attributable to the acquisition of financial assets as at fair value through profit or loss are recognised immediately in profit or loss. All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales of financial assets are financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories -

(1) Debt instruments at amortised cost

(2) Debt instruments at fair value through other comprehensive income (FVTOCI)

(3) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

(4) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

# Notes to the Consolidated financial statements

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(1) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost, if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income of the Statement of profit and loss. The losses arising from impairment are recognised in the Statement of profit or loss.

(2) Debt instrument at FVTOCI

A 'debt instrument' is measured as at FVTOCI, if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the contractual terms of the instrument that give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.
- Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

(3) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

(4) Equity Instruments

All equity Instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument including foreign exchange gain or loss, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to consolidated statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

1) The contractual rights to receive cash flows from the asset have expired, or

2) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) The Group has transferred substantially all the risks and rewards of the asset, or

(b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement; in that case the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial assets, and guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit adjusted effective interest rate for purchase or originated credit-impaired financial assets). The Group estimates cash flow by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if the default occurs within the 12-months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12-months.

If the Group's measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risks has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Financial liabilities and equity instruments

Classification as debts or equity:

Debts and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue cost.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in consolidated statement of profit and loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities:

Initial recognition and measurement:

All financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities as at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement:

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit, or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit and loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the company that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in note 49A.

Financial liabilities at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

<u>Derecognition of financial liabilities:</u>

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit and loss.

<u>Offsetting of financial instruments</u>

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### (s) Leasing

The Group has applied Ind AS 116 using the 'retrospective approach with the cumulative effect at the date of initial application' and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

<u>The Group as a lessor:</u>

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Ind AS 116 does not change substantially how a lessor accounts for leases. Under Ind AS 116, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, Ind AS 116 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

<u>The Group as a lessee:</u>

The Group's lease asset classes primarily consist of leases for Residential premises, Office Premises, Godown, Industrials land and Vehicle. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The right-of-use assets and lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

The lease payments that are not paid at the commencement date are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

# Notes to the Consolidated financial statements
for the year ended March 31, 2021

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments) payable during the lease term and under reasonably certain extension options, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components when bifurcation of the payments is not available between the two components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient. Contingent and variable rentals are recognized as expense in the periods in which they are incurred.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Ind AS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Extension and termination options are included in many of the leases. In determining the lease term the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Effective April 01, 2019, the Group has adopted IND AS 116 "Leases" and applied to lease contracts existing on April 01, 2019, by electing 'retrospective approach with the cumulative effect at the date of initial application'. The impact of adoption of the standards was not material on the profit after tax for the year ended March 31, 2020 in the consolidated financial statements.

Also refer Note 42.

In respect of short-term leases and leases of low-value assets, the Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(t) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows when the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent assets are not recognized in the consolidated financial statements of the Group. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

(u) Earnings per share

The Group presents basic and diluted earnings per share data for its equity shares.

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. Dilutive EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

(v) Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of cash credit / overdraft balances as they are considered an integral part of the Group's cash management.

(w) Operating segments:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments of the Group and accordingly is identified as the chief operating decision maker.

(x) Cash dividends to equity holders

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(y) Use of estimates and judgements

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Fair value measurement of financial instruments:

When the fair values of financials assets and financial liabilities recorded in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions.

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

Useful lives of property, plant and equipment, investment property and intangible assets:

Property, plant and equipment, investment property and intangible assets represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time when the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Assets and obligations relating to employee benefits:

The employment benefit obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of employment benefit obligations.

Tax expense: [refer note 2(j)and note 56]

The Parent Company's tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes, if any, including amount expected to be paid/recovered for uncertain tax positions. Further, significant judgement is exercised to ascertain amount of deferred tax asset (DTA) that could be recognised based on the probability that future taxable profits will be available against which DTA can be utilized and amount of temporary difference in which DTA cannot be recognised on want of probable taxable profits.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Parent Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists

Valuation of investment property [refer note 55]

Impairment of tangible and intangible assets other than goodwill [refer note 2(o)]

Impairment of Goodwill [Refer note 2(p)]

Provisions: [refer note 2(t)]

Write down in value of inventories: (refer note 14)

Estimation of uncertainty relating to COVID-19 global health pandemic – (Refer note 65)

## 3 Property, plant and equipment

(₹ in Lakhs )

| Particulars | Freehold land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Leasehold Improvements | Total |
|---|---|---|---|---|---|---|---|
| At cost or deemed cost as at April 01, 2019 | 34.30 | 4,066.65 | 7,027.11 | 403.12 | 276.19 | 192.77 | 12,000.14 |
| Additions | - | 119.17 | 1,289.65 | 24.55 | 13.92 | 254.74 | 1,702.03 |
| Disposals | - | - | (15.09) | - | (10.20) | - | (25.29) |
| Balance as at March 31, 2020 | 34.30 | 4,185.82 | 8,301.67 | 427.67 | 279.91 | 447.51 | 13,676.88 |
| Additions | - | 1,461.52 | 4,594.07 | 71.02 | 161.24 | - | 6,287.85 |
| Disposals | - | - | (37.89) | (9.05) | (0.45) | - | (47.39) |
| Balance as at March 31, 2021 | 34.30 | 5,647.34 | 12,857.85 | 489.64 | 440.70 | 447.51 | 19,917.34 |
| Accumulated depreciation | | | | | | | |
| As at April 01, 2019 | - | 477.10 | 1,562.80 | 105.10 | 95.75 | 29.07 | 2,269.82 |
| Depreciation expense | - | 182.35 | 680.48 | 70.61 | 32.39 | 50.89 | 1,016.72 |
| Disposals | - | - | (3.70) | - | (6.31) | - | (10.01) |
| Balance as at March 31, 2020 | - | 659.45 | 2,239.58 | 175.71 | 121.83 | 79.96 | 3,276.53 |
| Depreciation expense | - | 217.93 | 899.86 | 76.67 | 34.57 | 63.36 | 1,292.39 |
| Disposals | - | - | (20.59) | (9.09) | (0.40) | - | (30.08) |
| Balance as at March 31, 2021 | - | 877.38 | 3,118.85 | 243.29 | 156.00 | 143.32 | 4,538.84 |
| Carrying amount | | | | | | | |
| As at March 31, 2020 | 34.30 | 3,526.37 | 6,062.09 | 251.96 | 158.08 | 367.55 | 10,400.35 |
| As at March 31, 2021 | 34.30 | 4,769.96 | 9,739.00 | 246.35 | 284.70 | 304.19 | 15,378.50 |

(Refer Notes 23 and 27- For details of assets pledged as security)

## 4 Right-of-Use Assets

(₹ in Lakhs )

| Particulars | Freehold land | Buildings | Vehicles | Total |
|---|---|---|---|---|
| At Cost At April 1, 2019 | 1,055.85 | 359.26 | 149.01 | 1,564.12 |
| Additions | - | - | 17.20 | 17.20 |
| Disposal | - | | - | - |
| Balance as at March 31, 2020 | 1,055.85 | 359.26 | 166.21 | 1,581.32 |
| Additions | - | 13.73 | - | 13.73 |
| Disposals | - | - | - | - |
| Balance as at March 31, 2021 | 1,055.85 | 372.99 | 166.21 | 1,595.05 |
| Accumulated depreciation | | | | |
| At April 1, 2019 | - | - | - | - |
| Depreciation expenses | 18.38 | 83.19 | 51.29 | 152.86 |
| Balance as at March 31, 2020 | 18.38 | 83.19 | 51.29 | 152.86 |
| Depreciation expense | 18.33 | 78.01 | 53.30 | 149.64 |
| Disposals | - | - | - | - |
| Balance as at March 31, 2021 | 36.71 | 161.20 | 104.59 | 302.50 |
| Carrying amount | | | | |
| As at March 31, 2020 | 1,037.47 | 276.07 | 114.92 | 1,428.46 |
| As at March 31, 2021 | 1,019.14 | 211.79 | 61.62 | 1,292.55 |

(Refer Note 42)

(Refer Notes 23 and 27- For details of assets pledged as security)

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 5A Investment Property

(₹ in Lakhs )

| Particulars | Freehold land | Buildings | Plant and equipment | Total |
|---|---|---|---|---|
| At cost or deemed cost as at April 01, 2019 | 20.79 | 6,088.70 | 2,039.75 | 8,149.24 |
| Additions | - | - | - | - |
| Disposal | - | - | - | - |
| Balance as at March 31, 2020 | 20.79 | 6,088.70 | 2,039.75 | 8,149.24 |
| Additions | - | - | - | - |
| Disposal | - | - | - | - |
| Balance as at March 31, 2021 | 20.79 | 6,088.70 | 2,039.75 | 8,149.24 |
| Accumulated depreciation | | | | |
| As at April 01, 2019 | - | 371.82 | 394.61 | 766.43 |
| Depreciation expense | - | 124.77 | 131.87 | 256.64 |
| Balance as at March 31, 2020 | - | 496.59 | 526.48 | 1,023.07 |
| Depreciation expense | - | 123.93 | 131.87 | 255.80 |
| Balance as at March 31, 2021 | - | 620.52 | 658.35 | 1,278.87 |
| Carrying amount | | | | |
| As at March 31, 2020 | 20.79 | 5,592.11 | 1,513.27 | 7,126.17 |
| As at March 31, 2021 | 20.79 | 5,468.18 | 1,381.40 | 6,870.38 |

Notes:

Land includes ₹ 8.06 Lakhs, being cost of land held in trust by the Managing Director (now Executive-Vice Chairman) and one of the Directors of the parent company, who is also relative of the Managing Director (now Executive-Vice Chairman), on behalf of the parent company.

Notes 23 and 27 - For details of assets pledged as security

## 5B Goodwill

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Deemed cost | 533.79 | 533.79 |
| Additions (Refer Note 57) | 658.56 | - |
| Accumulated impairment losses | (121.00) | (121.00) |
| | 1,071.35 | 412.79 |

## 6 Other intangible assets

(₹ in Lakhs)

| Particulars | Computer software | Product know-how | Total |
|---|---|---|---|
| At cost or deemed cost as at April 01, 2019 | 325.03 | 160.77 | 485.80 |
| Additions | 24.92 | 466.19 | 491.11 |
| Balance as at March 31, 2020 | 349.95 | 626.96 | 976.91 |
| Additions | 2.99 | 908.37 | 911.36 |
| On Acquistion of a subsidairy (Refer Note 57) | - | 436.52 | 436.52 |
| Other adjustments | - | 14.89 | 14.89 |
| Disposal | - | - | - |
| Balance as at March 31, 2021 | 352.94 | 1,986.74 | 2,339.68 |
| Accumulated amortisation | | | |
| As at April 01, 2019 | 103.73 | 151.87 | 255.60 |
| Amortisation expense | 66.61 | 7.14 | 73.75 |
| Balance as at March 31, 2020 | 170.34 | 159.01 | 329.35 |
| Amortisation expense | 65.66 | 267.35 | 333.01 |
| Other adjustments | - | (3.03) | (3.03) |

## 6 Other intangible assets (Contd.)

(₹ in Lakhs)

| Particulars | Computer software | Product know-how | Total |
|---|---|---|---|
| Balance as at March 31, 2021 | 236.00 | 423.33 | 659.33 |
| Carrying amount | | | |
| As at March 31, 2020 | 179.61 | 467.95 | 647.56 |
| As at March 31, 2021 | 116.94 | 1,563.41 | 1,680.35 |

Refer Note 50

## 7 Investments in associate (Non-current):

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| (carrying amount determined using equity method of accounting) | | |
| Investment in associate - In equity instruments Unquoted (Fully paid up) | | |
| Health and Wellness India Private Limited | - | - |
| 30,12,504 Equity shares of ₹10 each (as at March 31, 2020- 30,12,504) | | |
| Less: Impairment in the value of investments | - | - |
| | - | - |
| Notes: | | |
| The financial information in respect of this associate is not material to the group. | | |
| Proportion of Group's ownership interest in the associate [Refer note 44] | | |
| Accumulated unrecognised share of losses of associate | | |
| Health and Wellness India Private Limited | - | - |
| Unrecognised share of losses of associate for the year | | |
| Health and Wellness India Private Limited | - | - |
| Accumulated recognised share of losses of associate | | |
| Health and Wellness India Private Limited | 598.53 | 598.53 |

## 8 Investments (Non-current):

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Equity instruments: | | |
| **Unquoted Investments (all fully paid up)** | | |
| Investments in equity instruments at FVTPL | | |
| Biodil Marsing Private Limited * | - | 5.90 |
| Nil Equity shares (as at March 31, 2020 - 59,000 Equity shares of ₹10 each) | | |
| Investments in equity instruments at FVTOCI | | |
| Shivalik Solid Waste Management Limited | 4.11 | 4.11 |
| 20,000 Equity shares of ₹10 each. (as at March 31, 2020 - 20,000 Equity shares of ₹10 each) | | |
| Zela Wellness Private Limited | 47.53 | 47.53 |
| 58,048 Equity shares of ₹10 each (as at March 31, 2020 - 58,048 Equity shares of ₹10 each) | | |
| | 51.64 | 57.54 |
| Less: Impairment in the value of investments | (47.53) | (53.43) |
| **Total aggregate unquoted Investments (A)** | 4.11 | 4.11 |

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 8 Investments (Non-current): (Contd.)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| *During the year ended March 31, 2021 Ms. Biodil Marsing Private Limited has been closed down. | | |
| **Quoted Investments (all fully paid)** | | |
| Investments in equity instruments at FVTOCI | | |
| Abbott India Limited | 20.83 | 21.49 |
| 139 Equity shares of ₹10 each (as at March 31, 2020 - 139 Equity shares of ₹10 each) | | |
| **Total aggregate quoted investments (B)** | **20.83** | **21.49** |
| **Total Non-current investments (A+B)** | **24.94** | **25.60** |
| Aggregate carrying value of unquoted investments before impairment | 51.64 | 57.54 |
| Aggregate amount of impairment in value of investments | 47.53 | 53.43 |
| Aggregate amount of quoted investments and market value thereof | 20.83 | 21.49 |

## 9 Share application money

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Health and Wellness India Private Limited | 186.34 | 186.34 |
| Less: Impairment in the value of share application money | (186.34) | (186.34) |
| | - | - |

## 10 Loans (Non-current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Loan to employees, considered good - unsecured | 1.85 | 25.00 |
| Inter corporate deposit - considered doubtful - unsecured # | 37.00 | 37.00 |
| Less : Allowance for doubtful inter corporate deposit | (37.00) | (37.00) |
| | **1.85** | **25.00** |
| # Includes amount given as inter corporate deposit to an associate | | |
| Amount outstanding as at year end | | |
| -Health and Wellness India Private Limited | 37.00 | 37.00 |
| Maximum amount outstanding during the year | | |
| -Health and Wellness India Private Limited | 37.00 | 37.00 |
| This loan was granted to Health and Wellness India Private Limited for the purpose of their business. | | |
| **Movement in the Allowance for doubtful inter corporate deposit** | | |
| Balance at the beginning of the year | 37.00 | 304.83 |
| Addition during the year | - | - |
| Written back during the year | - | (80.00) |
| Written off during the year | - | (187.83) |
| **Balance at the end of the year** | **37.00** | **37.00** |

## 11 Other financial assets (Non current):

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Security deposits | 165.08 | 139.68 |
| Bank deposits with remaining maturity of more than 12 months* | 15.50 | 13.76 |
| Deposits with a financial institution | - | 200.00 |
| Interest accrued but not due from Banks | 3.31 | 3.10 |
| Interest accrued but not due from a financial institution | - | 32.39 |
| Others | 35.36 | 16.75 |
| | **219.25** | **405.68** |
| *This consists of deposits: | | |
| - kept for fund based bank guarantee with Bank of Baroda | 1.00 | 1.00 |
| - kept for fund based bank guarantee with Union Bank of India | 14.50 | 12.76 |

## 12 Non-current tax assets (net)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Advance income-tax (net of provision for tax) | 1,131.38 | 908.25 |
| | **1,131.38** | **908.25** |

## 13 Other assets (Non-current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Capital advances | 317.64 | 612.19 |
| **Advances recoverable in cash or kind** | | |
| Unsecured considered good | - | - |
| Unsecured, considered doubtful | 23.35 | 19.01 |
| | **23.35** | **19.01** |
| Less: Allowance for doubtful advances | 23.35 | 19.01 |
| | - | - |
| Deferred rent | 5.00 | 8.43 |
| Prepaid expenses | 26.86 | 74.51 |
| Balances with government authorities | 3.75 | 3.75 |
| | **353.25** | **698.88** |

## 14 Inventories

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **(At lower of cost and net realisable value)** | | |
| Raw materials and packing materials [includes stock in transit of ₹95.89 Lakhs (as at March 31, 2020 ₹490.14 Lakhs)] | 5,520.10 | 5,308.05 |
| Traded goods [includes stock in transit of ₹206.36 Lakhs (as at March 31, 2020 Nil)] | 455.03 | - |
| Work-in-progress | 6,751.98 | 5,140.06 |
| Finished goods | 2,836.45 | 2,018.85 |
| Stores and spares | 663.49 | 391.23 |
| | **16,227.05** | **12,858.19** |

# Notes to the Consolidated financial statements
for the year ended March 31, 2021

## 14 Inventories (Contd.)

Notes :

(i) The cost of inventories recognised as expense is disclosed in notes 34, 35, 39 and as purchase of stock-in-trade in the Consolidated statement of profit and loss.

(ii) Inventory write downs are accounted considering the nature of inventory, ageing, liquidation plan and net realisable value. Write downs of inventories amounted to ₹191.87 Lakhs (as at March 31, 2020 - ₹19.07 Lakhs). The changes in write downs are recognised as an expense in the Consolidated statement of profit and loss.

## 15 Trade receivables (unsecured)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Considered good | 6,801.48 | 6,977.42 |
| Credit Impaired | 481.24 | 366.61 |
| | **7,282.72** | **7,344.03** |
| Less: Allowance for doubtful debts (expected credit loss allowance) | (481.24) | (366.61) |
| | **6,801.48** | **6,977.42** |
| **Movement in the expected credit loss allowance** | | |
| Balance at the beginning of the year | 366.61 | 308.73 |
| Addition during the year | 118.96 | 91.46 |
| Written off during the year | (4.33) | - |
| Reversal during the year | - | (33.58) |
| **Balance at the end of the year** | **481.24** | **366.61** |

## 16 Cash and cash equivalents

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Balances with banks | | |
| In current accounts | 1,345.52 | 747.13 |
| In deposit accounts with original maturity for less than 3 months | 329.15 | - |
| Cash on hand | 4.77 | 4.32 |
| | **1,679.44** | **751.45** |

## 17 Bank balances other than cash and cash equivalents

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Balances with banks** | | |
| In Unpaid dividend accounts | 9.82 | 13.51 |
| In escrow account | 0.86 | 3.70 |
| In deposit accounts with original maturity for more than 3 months but less than 12 months* | 2,763.12 | 2,542.33 |
| | **2,773.80** | **2,559.54** |

*This includes deposits held under lien by bank against guarantees and other commitments amounting to ₹1,015.10 Lakhs (as at March 31, 2020: ₹1,947.61 Lakhs)

## 18 Loans (Current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Unsecured, considered good | | |
| Inter corporate deposits # (Refer note 64) | | |
| D.K.Biopharma Private Limited | 475.00 | 2,130.00 |
| Loans to employees | 1.60 | - |
| | 476.60 | 2,130.00 |

# The inter-corporate deposits were granted to the entity for the purpose of its business.

## 19 Other financial assets (Current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Interest accrued but not due | | |
| On fixed deposits from banks | 43.07 | 20.17 |
| On fixed deposits with a financial institution | 48.54 | 11.54 |
| On Inter corporate deposits (Refer note 64) | 46.96 | 198.88 |
| Deposits with a financial institution* | 200.00 | 400.00 |
| Others | | |
| Unsecured, considered good | 9.26 | 6.68 |
| Unsecured, considered doubtful | - | 1.18 |
| Less: Allowance for doubtful advances | - | (1.18) |
| | 9.26 | 6.68 |
| | 347.83 | 637.27 |

*Deposits kept under lien with Bajaj finance limited amounting to ₹ Nil Lakhs (as at March 31, 2020: ₹400 Lakhs )

## 20 Other current assets

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Advance for supply of goods and services | | |
| Considered good | 859.31 | 415.97 |
| Considered doubtful | 11.99 | 36.36 |
| Less: Allowance for doubtful advances | (11.99) | (36.36) |
| | 859.31 | 415.97 |
| Deferred rent | 15.75 | 3.62 |
| Prepaid expenses | 216.72 | 180.14 |
| Travel advances to employees | 6.37 | 28.72 |
| Export incentive receivables | | |
| Considered good | 921.86 | 488.26 |
| Considered doubtful | 3.24 | 3.24 |
| Less: Allowance for doubtful export incentive receivables | (3.24) | (3.24) |
| | 921.86 | 488.26 |

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 20 Other current assets (Contd.)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Balances with government authorities | 635.61 | 1,370.73 |
| Others | 0.33 | - |
| | **2,655.95** | **2,487.44** |
| Movement in the Allowance for doubtful advances, export incentive receivables and others. | | |
| Balance at the beginning of the year | 40.78 | 8.83 |
| Addition during the year | - | 31.96 |
| Written off during the year | (1.18) | - |
| Reversal during the year | (24.37) | (0.01) |
| Balance at the end of the year | **15.23** | **40.78** |

## 21 Equity share capital:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Authorised: | | |
| 4,98,40,000 Equity shares of ₹5/- each (as at March 31, 2020 - 4,98,40,000 Equity shares of ₹5/- each) | 2,492.00 | 2,492.00 |
| 1,60,000 Unclassified shares of ₹5/- each (as at March 31, 2020 - 1,60,000 Unclassified shares of ₹5/- each) | 8.00 | 8.00 |
| | **2,500.00** | **2,500.00** |
| Issued, subscribed and paid-up : | | |
| 2,94,30,987 Equity shares of ₹5/- each (as at March 31, 2020 - 2,94,30,987 Equity shares of ₹5/- each) | 1,471.55 | 1,471.55 |
| Less: 5,83,665 Equity shares held by FBL ESOP Trust (as at March 31, 2020 -5,83,665 ) [Refer note (e) below] | (29.18) | (29.18) |
| | **1,442.37** | **1,442.37** |

a) Details of shareholders holding more than 5% shares in the Company

| Name of the shareholders | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | No of Shares in Lakhs | % holding in the class | No of Shares in Lakhs | % holding in the class |
| Equity shares of ₹5/- each fully paid (as at March 31, 2020 ₹5/- each fully paid up) | | | | |
| DVK Investments Private Limited, the Holding Company | 150.75 | 51.22% | 150.75 | 51.22% |
| Mr. Krishna Datla | 24.19 | 8.22% | 24.19 | 8.22% |

b) Shares held by the Holding Company

Out of equity shares issued by the Company, shares held by its Holding Company are as below.

| | March 31, 2021 ₹ in Lakhs | March 31, 2020 ₹ in Lakhs |
|---|---|---|
| DVK Investments Private Limited | | |
| 1,50,75,318 Equity shares of ₹5/- each fully paid (as at March 31, 2020 -1,50,75,318 Equity shares of ₹5/-each fully paid) | 753.77 | 753.77 |

## 21 Equity share capital: (Contd.)

c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | Number of Shares | ₹ In Lakhs | Number of Shares | ₹ In Lakhs |
| Equity Shares | | | | |
| Opening Balance | 28,847,322 | 1,442.37 | 9,172,792 | 458.64 |
| Add: Issue of shares pursuant to scheme of amalgamation (Refer Note 1.2) | - | - | 442,982 | 22.15 |
| Add: Issue of Bonus Shares | - | - | 19,231,548 | 961.58 |
| Closing Balance | **28,847,322** | **1,442.37** | **28,847,322** | **1,442.37** |

During the previous year, the Company has allotted bonus equity shares in the ratio of two fully paid up equity share of ₹5/- each for every one existing fully paid up equity share of ₹5/- each held by the members, which has been approved by the shareholders through postal ballot. The record date for implementation of above corporate events was fixed on February 14, 2020. In view of the above, the company's revised paid up capital as at March 31, 2020 is ₹1,442.37 Lakhs consisting of 28,847,322 equity shares of ₹5/- each (net of ₹29.18 Lakhs consisting of 5,83,665 equity share of ₹5/- each held by ESOP Trust).

d) Rights, preferences and restrictions

The Company has issued only one class of equity shares having par value of ₹5/- per share (March 31, 2020; - ₹5/- per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays the dividend in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to shareholders' approval in the ensuing Annual General Meeting, except in case of interim dividend.

During the year, the Board of directors have declared dividend of 50% (₹2.50 per equity share of ₹5/- each) for the financial year 2020-21. (Refer note 54)

During the previous year, the Board of directors had declared an interim dividend of 100% (₹5.00 per equity share of ₹5/- each) for the financial year 2019-20 which has been paid during the year 2019-20.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

e) FBL ESOP Trust :

The Company had formulated Employee Stock Option Scheme namely Fermenta Biotech Limited - Employee Stock Option 2019 (ESOP 2019) in terms of the Scheme of amalgamation of erstwhile FBL with the Company. The equity shares are held by FBL ESOP Trust (Refer note 58).

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| | Number of Shares | Number of Shares |
| Outstanding at the beginning of the year | 583,665 | - |
| Issue of shares pursuant to scheme of amalgamation (Refer Note 1.2) | - | 194,555 |
| Issue of Bonus shares | - | 389,110 |
| Outstanding at the end of the year | 583,665 | 583,665 |

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 22 Other equity

(₹ in Lakhs)

| | Reserves and surplus | | | | | | | Items of other comprehensive income | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve | Capital reserve pursuant to amalgamation | Capital redemption reserve | Unrealised gain/(loss) on dilution | General reserve | Share options outstanding account | Retained earnings | Foreign currency translation reserve | Equity instruments through OCI | |
| Balance as at April 01, 2019 | 1,140.00 | 1,074.20 | 70.00 | (4,242.23) | 4,507.38 | 52.80 | 21,960.01 | - | 11.83 | 24,573.99 |
| Profit for the year | - | - | - | - | - | - | 5,952.60 | - | - | 5,952.60 |
| Recognition of share based payments | - | - | - | - | - | 554.69 | - | - | - | 554.69 |
| Payment of dividend (including dividend distribution tax) | - | - | - | - | - | - | (719.84) | - | - | (719.84) |
| Incremental expenses on amalgamation | - | - | - | - | - | - | (72.26) | - | - | (72.26) |
| Utilised for issue of bonus shares | - | - | - | - | (961.58) | - | - | - | - | (961.58) |
| Other comprehensive income for the year | - | - | - | - | - | - | 170.56 @ | (8.33) | 11.34 | 173.57 |
| **Balance as at March 31, 2020** | **1,140.00** | **1,074.20** | **70.00** | **(4,242.23)** | **3,545.80** | **607.49** | **27,291.07** | **(8.33)** | **23.17** | **29,501.17** |
| Profit for the year | - | - | - | - | - | - | 4,550.66 | - | - | 4,550.66 |
| Recognition of share based payments | - | - | - | - | - | 592.05 | - | - | - | 592.05 |
| Other comprehensive income for the year | - | - | - | - | - | - | (3.61) @ | (22.97) | (0.65) | (27.23) |
| **Balance as at March 31, 2021** | **1,140.00** | **1,074.20** | **70.00** | **(4,242.23)** | **3,545.80** | **1,199.54** | **31,838.12** | **(31.30)** | **22.52** | **34,616.65** |

@Represents remeasurement of defined benefit plan

### Description of nature and purpose of each reserve

**Capital reserve:** Capital reserve was created in the financial years 1995-96 and 1996-97 pursuant to sale of the Parent Company's brands for which non compete fees were received and treated as a capital receipt.

**Capital reserve pursuant to amalgamation :** This reserve created consequent to amalgamation of a subsidiary with the Company.

**Capital redemption reserve:** This reserve was created for redemption of preference shares of ₹70.00 Lakhs in the financial year 2010-2011.

**Unrealised gain/(loss) on dilution:** This reserve represents unrealised gain/(loss) due to change in the shareholdings in a subsidiary.

**General Reserve:** The reserve arises on transfer portion of the net profit pursuant to earlier provision of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act. 2013.

**Share options outstanding account:** The fair value of the equity settled share based payment transactions is recognised in share options outstanding account.

**Retained earnings:** Profits generated by the Group that are not distributed to shareholders as dividends but are reinvested in the business.

**Equity instruments through other comprehensive income:** This represents the cumulative gains / losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

**Foreign currency translation reserve:** Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference in the foreign currency translation reserve are reclassified to consolidated profit or loss on the disposal of the foreign operations.

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 23 Long-term borrowings:

(₹ in Lakhs)

| | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| Secured | | | | |
| Term loans | | | | |
| From banks | | | | |
| For Dahej facility [Refer note below (a)] | - | - | - | 65.45 |
| For Dahej facility [Refer note below (b)] | 915.42 | 499.03 | 1,367.15 | 482.34 |
| For Dahej facility [Refer note below (c)] | 1,824.89 | 561.51 | - | - |
| For Dahej facility [Refer note below (d)] | 1,314.13 | 734.90 | 1,523.62 | 508.09 |
| For Vehicles [Refer note below (e)] | 105.97 | 31.02 | 7.07 | 6.06 |
| From others | | | | |
| For business operations [Refer note below (f)] | 2,957.57 | - | 2,953.88 | - |
| For business operations [Refer note below (g)] | 3,925.82 | 432.18 | 4,326.94 | 355.11 |
| Total | **11,043.80** | **2,258.64** | **10,178.66** | **1,417.05** |
| Amount disclosed under the head "other current financial liabilities" (Refer note 28) | - | (2,258.64) | - | (1,417.05) |
| Net amount | **11,043.80** | - | **10,178.66** | - |

Notes:

a) Term loan for expansion of Dahej facility is taken from Union Bank of India with interest rate MCLR + 2% effective rate for the current year is between 10.00% to 10.60% (previous year effective rate was in between 10.00% to 10.60%) repayable in 48 equal monthly instalments starting from November-2016. The said term loan was secured by way of first pari-passu charge on property, plant and equipment procured with the financial assistance of the term loan and by equitable mortgage of factory land and buildings at Dahej and Kullu.

b) Term loan (External Commercial Borrowing) is taken from Yes Bank Limited for financing the capital expenditure for new project at Dahej SEZ with interest rate EURIBOR plus 3.5% (effective rate 3.5%), (previous year effective rate is 3.5%) repayable in 48 equal monthly instalments starting from February 2020. The said ECB loan is secured by way of first pari-passu charge on the project financed along with Union Bank of India, first pari-passu charge along with Union Bank of India and HDFC Bank Limited on property, plant and equipment at Kullu and Dahej, except Plant 4 at Dahej which is exclusively mortgaged with HDFC Bank Limited and Plant 3 which is funded by Union Bank of India and Yes Bank Limited , which is not to be shared with HDFC Bank Limited. The said loan is additioanlly secured by way of first pari passu charge along with Union Bank of India and HDFC Bank Limited on entire unencumbered movable fixed assets (excluding vehicles) and second pari passu charge on entire current assets. The charge for such security is yet to be created.

c) Term loan is taken from HDFC Bank Limited for financing the capital expenditure for Plant 4 at Dahej SEZ with interest rate EURIBOR plus 3.9% (effective rate 3.9%), (previous year effective rate is NIL) repayable in 16 equal quarterly instalments starting from July 2021. The said loan is secured by first pari-passu charge on the project , first pari pasu charge on property, plant and equipment at Dahej and Kullu except plant 3 at Dahej which is exclusively property Morgaged with Yes Bank Limited and Union Bank of India, and second pari passu charge on entire current assets along with other banks.

d) Term loan (Foreign Currency Term Loan and INR Term Loan) is taken from Union Bank of India for financing the capital expenditure for new project at Dahej SEZ with interest rate EURIBOR plus 3.10% (effective rate 3.10%) (previous year effective rate is 3.10%) for FCTL, MCLR + 2% (effective rate 10.00% to 10.65%) (previous year effective rate is 10.00% to 10.65%) for Rupee Term Loan repayable in 48 equal monthly instalments starting from April 2020. The said loan is secured by way of first pari-passu charge on the project financed along with Yes Bank Limited, first pari-passu charge along with Yes Bank Limited and HDFC Bank Limited on property, plant and equipment at Kullu and Dahej, except Plant 4 at Dahej which is exclusively mortgaged with HDFC Bank Limited and Plant 3 which is funded by Union Bank of India and Yes Bank Limited, which is not to be shared with HDFC Bank. The said loan is additionally secured by way of first pari passu charge along with Union Bank of India and HDFC bank on entire unencumbered movable fixed assets (excluding vehicles) and second pari passu charge on entire current assets.

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 23 Long-term borrowings: (Cont.)

e) Vehicle loan is taken from the ICICI Bank Limited against hypothecation of the vehicles purchased, repayable in 60 monthly instalments starting from May-2017 with interest rates 9.37%, (previous year in the range of 9.37%)

Vehicle loan is taken from the HDFC Bank Limited against hypothecation of the vehicles purchased, repayable in 60 monthly instalments starting from Aug-2020 with interest rates 7.35%, (previous year in the range of NIL). The charge for such security is yet to be created.

Vehicle loan is taken from the Bank of Baroda Limited against hypothecation of the vehicles purchased, repayable in 60 monthly instalments starting from Jan-2021 with interest rates 7.35%, (previous year in the range of NIL)

f) Loan by way of discounting of lease rental of Thane One Building consisting of 1st floor to 13th floor from Bajaj Finance Limited the effective rate for the current year in the range of 9.00% to 9.75% (previous year effective rate is 9.75%) repayable after 156 months on August 15, 2030 in one instalment. The said loan is secured by hypothecation of the lease agreements of Thane One (consisting of 1st floor to 13th floor). Further the loan has been guaranteed by the personal guarantee of the Executive Vice Chairman of the Company and the corporate guarantee of the Holding Company, DVK Investment Private Limited. During the previous year, Company has repaid partial amount.

g) Loan against property and loan by way of discounting of lease rental of Thane One Building consisting of 1st floor to 13th floor from Bajaj Finance Limited, the effective rate for the current year in the range of 9.47% to 10.00% (previous year effective rate in the range of 10.00% to 10.32%) The said loan is secured by hypothecation of the lease agreements of Thane One (consisting of 1st floor to 13th floor) and equitable mortgage of the premises at Ceejay House owned by Aegean Properties Limited (APL), a wholly owned subsidiary of the Company. Further these loans have been guaranteed by the personal guarantee of the Executive Vice Chairman of the Company and the corporate guarantee of the holding company, DVK Investment Private Limited.

## 24 Other financial liabilities (Non- current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Deposits from tenants | 47.82 | 59.44 |
| | **47.82** | **59.44** |

## 25 Provisions (Non- current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Provision for employee benefits | | |
| Gratuity [Refer note 41] | 127.44 | 104.10 |
| Compensated absences | 321.76 | 301.73 |
| | **449.20** | **405.83** |

## 26 Other liabilities (Non-current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Deferred rent | 34.04 | 54.93 |
| | **34.04** | **54.93** |

## 27 Borrowings (Current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Loans repayable on demand | | |
| From banks (Secured) | | |
| Cash credit and Bank overdraft | 1,450.31 | 2,573.89 |
| Packing credit | 5,606.23 | 6,419.83 |
| Short term Working capital loan | 2,573.41 | 1,439.58 |
| | **9,629.95** | **10,433.30** |

Packing credit, cash credit from Union Bank of India, are secured by first pari-passu charge on hypothecation of stocks, book debts and and by equitable mortgage with Yes Bank limited and HDFC Bank Limited of factory land and buildings at Dahej and Kullu and all moveable property, plant and equipment of the Company except vehicles and Plant 4 at Dahej. The average interest rate for packing credit in foreign currency is 3.40% to 3.90% (EURO PCFC - EURIBOR+3.10%, USD PCFC - 6M LIBOR+3.10%) and average interest rate for cash credit is 11.18%.

Packing credit from Yes Bank Limited is secured by first pari-passu charge on current assets of the Company and by equitable mortgage of factory land and buildings at Dahej and Kullu with Union Bank of India and HDFC Bank Limited and all moveable property, plant and equipment of the Company except vehicles and Plant 4 at Dahej . The average interest rate for packing credit in foreign currency is 2.75%.

Packing credit and cash credit facility from Kotak Mahindra Bank Limited for previous year was secured by First pari-passu charge on current assets, moveable property, plant and equipment of the Company and equitable mortgage of factory land and buildings at Dahej and Kullu with Union Bank of India and Yes Bank Limited (excluding the plant and building financed through term loan from Union Bank and Yes Bank). The average interest rate for packing credit in foreign currency was 2.5% and Cash credit was 10.50%

Packing credit and Working Capital Demand Loan from HDFC Bank Limited is secured by First pari-passu charge on current assets, exclusive charge on assets of plant 4 at Dahej, moveable property, plant and equipment of the Company and equitable mortgage of factory land and buildings at Dahej and Kullu with Union Bank of India and Yes Bank Limited (excluding the plant and building financed through term loan from Union Bank of India and Yes Bank Limited).The average interest rate for packing credit in foreign currency is 2.7% and Working Capital Demand Loan is 8.7%

Short term working capital loan taken from Union Bank of India are secured against the lien of fixed deposits. The average interest rate is in the range of 8.57% to 7.6%.

## 28 Other financial liabilities (Current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Current maturities of long-term debts (Refer note 23) | 2,258.63 | 1,417.05 |
| Deposits from tenants | 548.71 | 541.54 |
| Payable to the employees / directors | 723.00 | 562.96 |
| Liability for capital expenditure | 404.81 | 395.55 |
| Interest accrued but not due on borrowings | 48.22 | 43.15 |
| Derivatives not designated as hedge | 110.15 | - |
| Unclaimed dividend | 9.82 | 13.51 |
| | **4,103.34** | **2,973.76** |

## 29 Other current liabilities

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Statutory dues | 176.12 | 21.30 |
| Advance from customers | 552.22 | 161.82 |
| Deferred rent | 41.99 | 50.50 |
| | **770.33** | **233.62** |

# Notes to the Consolidated financial statements
for the year ended March 31, 2021

## 30 Provisions (Current)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Provision for employee benefits** | | |
| Compensated absences | 61.85 | 42.74 |
| **Other provisions** | | |
| Provision for share of loss in a joint venture in excess of cost of investment | 5.97 | 5.97 |
| | **67.82** | **48.71** |

## 31 Current tax liabilities (net)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Provision for income tax (net of advance tax) | 32.01 | 32.02 |
| | **32.01** | **32.02** |

## 32 Revenue from operations

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Sale of products | 35,348.13 | 26,725.15 |
| Rent income | 1,429.97 | 1,378.20 |
| Amortised deferred rent | 56.97 | 62.22 |
| Sale of services | 41.88 | 49.05 |
| Service income (infrastructure support services to tenants) | 257.97 | 308.02 |
| Other operating revenues | | |
| Export incentive | 563.71 | 738.31 |
| Scrap sales | 30.25 | 33.97 |
| | **37,728.88** | **29,294.92** |

## 33 Other income:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Interest income on financial assets carried at amortised cost: | | |
| Bank deposits | 191.06 | 379.85 |
| Other financial assets | 163.55 | 184.68 |
| Dividend income on investments in equity instruments designated at fair value through other comprehensive income | 0.58 | 0.44 |
| Income from Sale of films rights | - | 200.00 |
| Insurance Claims | 0.11 | 20.06 |
| Foreign exchange gain (net) | 254.84 | 145.14 |
| Gain on sale of financial assets - current investments | - | 4.81 |
| Liabilities / provisions no longer required written back | 214.20 | 296.59 |
| Miscellaneous income | 0.71 | 0.73 |
| | **825.05** | **1,232.30** |

## 34 Cost of materials consumed:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Inventories of raw materials / packing materials at the beginning of the year | 5,308.05 | 4,050.21 |
| Add: Purchases | 14,376.53 | 11,775.27 |
| Add: Foreign currency translation difference | 30.15 | 43.83 |
| Less: Inventories of raw materials / packing materials at the end of the year | 5,520.10 | 5,308.05 |
| | **14,194.63** | **10,561.26** |

## 35 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Inventories at the end of the year | | |
| Work-in-progress | 6,751.98 | 5,140.06 |
| Stock-in-Trade | 455.03 | - |
| Finished goods | 2,836.45 | 2,018.85 |
| | 10,043.46 | 7,158.91 |
| Inventories at the beginning of the year | | |
| Work-in-progress | 5,140.06 | 2,939.87 |
| Finished goods | 2,018.85 | 1,482.55 |
| | **7,158.91** | **4,422.42** |
| Foreign currency translation difference | (9.83) | (27.59) |
| | **(2,874.72)** | **(2,708.90)** |

## 36 Employee benefits expense

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Salaries and wages | 4,535.85 | 3,760.88 |
| Contribution to provident and other funds | 230.58 | 220.54 |
| Gratuity expense [Refer note 41] | 54.52 | 92.74 |
| Share based payments to employees [Refer note 58] | 592.05 | 554.69 |
| Staff welfare expenses | 408.57 | 374.30 |
| | **5,821.57** | **5,003.15** |

## 37 Finance costs:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Interest on | | |
| Term loans | 892.35 | 1,207.13 |
| Loans repayable on demand | 565.62 | 449.10 |
| Loans from related parties | - | 4.60 |
| Lease liabilities | 38.97 | 38.54 |
| Liabilities carried at amortised cost (Unwinding of interest) | 59.38 | 98.84 |
| Others | 10.62 | 6.13 |
| Other borrowing costs | 230.52 | 109.70 |
| | **1,797.46** | **1,914.04** |

# Notes to the Consolidated financial statements
for the year ended March 31, 2021

## 38 Depreciation and amortisation expense

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Depreciation of property, plant and equipment (Refer note 3) | 1,292.39 | 1,016.72 |
| Depreciation on right-of-use assets (Refer note 4) | 149.64 | 152.86 |
| Depreciation of investment property (Refer note 5A) | 255.80 | 256.64 |
| Amortisation of intangible assets (Refer note 6) | 333.01 | 73.75 |
| | 2,030.84 | 1,499.97 |

## 39 Other expenses:

(₹ in Lakhs)

| | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| GST other than recovered on sales | | 159.38 | | 123.69 |
| Contract labour charges | | 482.54 | | 426.23 |
| Power and fuel | | 1,360.44 | | 1,236.86 |
| Processing charges | | 1,353.42 | | 392.98 |
| Repairs to Buildings | | 46.30 | | 59.49 |
| Repairs to Plant and machinery | | 202.50 | | 151.96 |
| Stores and spare parts consumed | | 930.92 | | 994.23 |
| Water charges | | 62.42 | | 36.88 |
| Advertising and sales promotion expenses | | 196.39 | | 853.64 |
| Freight and forwarding charges | | 948.70 | | 575.33 |
| Commission on sales | | 767.97 | | 908.81 |
| Rent (including lease rentals) | | 37.30 | | 45.51 |
| Repairs and maintenance -others | | 714.82 | | 769.25 |
| Insurance | | 275.13 | | 276.96 |
| Rates and taxes | | 357.02 | | 268.37 |
| Allowance for doubtful debts | | 118.96 | | 91.46 |
| Allowance for doubtful advances | | - | | 31.96 |
| Trade receivables and advances written off | 96.53 | | 230.16 | |
| Less: Allowance held | (5.57) | 90.96 | (187.83) | 42.33 |
| Provision for impairment in the value of non-current investments | | - | | 43.94 |
| Non current investment written off | 5.90 | | - | |
| Less: Allowance held | (5.90) | - | - | - |
| Travelling and conveyance | | 348.72 | | 714.08 |
| Professional and legal fees | | 710.98 | | 807.52 |
| Payment to auditors (Refer note below) | | 62.89 | | 47.92 |
| Postage and telephone | | 34.63 | | 49.67 |
| Printing and stationery | | 90.46 | | 85.51 |
| Net loss on fair value changes of derivatives at FVTPL | | 110.15 | | - |
| Security Expenses | | 84.79 | | 106.10 |
| Staff recruitment expenses | | 28.92 | | 17.63 |
| Bank charges | | 102.89 | | 94.90 |
| Initial cost for operating leases | | 58.31 | | 59.32 |
| Analytical Charges | | 92.46 | | 136.72 |
| Loss on sale/write off, of property, plant and equipment (net) | | 16.03 | | 15.53 |
| Miscellaneous expenses | | 457.33 | | 400.76 |
| | | 10,303.73 | | 9,865.54 |

## 39 Other expenses: (Cont.)

Payment to auditors (excluding statutory levy)

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| For audit | 42.04 | 25.23 |
| For limited review | 15.00 | 15.00 |
| For other services | 5.14 | 6.51 |
| Reimbursement of expenses | 0.71 | 1.18 |
| | 62.89 | 47.92 |

## 40 Earnings per share (EPS):

The following table sets forth the computation of basic and diluted earnings per share :

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Profit for the year used for computation of basic and diluted earnings per share | 4,550.66 | 5,952.60 |
| Weighted average number of equity shares used in calculating basic and diluted EPS [Refer notes 21 (c)] | 28,847,322 | 28,847,322 |
| Effect of dilutive potential equity shares | 157,464 | 146,571 |
| Weighted average number of equity shares used in calculating diluted EPS | 29,004,786 | 28,993,893 |
| Basic earnings per equity share [nominal value of share ₹5 (March 31, 2020: ₹5)] | 15.77 | 20.63 |
| Diluted earnings per equity share [nominal value of share ₹5 (March 31, 2020: ₹5)] | 15.69 | 20.53 |

## 41 Employee benefits

The Group operates following employee benefit plans

I Defined contribution plans: Provident fund, Superannuation fund, Employee state insurance scheme (ESIC) and Labour welfare fund.

II Defined benefit plan: Gratuity (funded)

III Other long term benefit plan: Compensated absences (unfunded)

### I) Defined Contribution Plans

The Group operates defined contribution retirement benefit plans for all qualifying employees of the Group. The contribution to defined contribution plan recognised as expenses in the Consolidated statement of profit and loss for the year is as under (Refer note 36).

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Employer's contribution to provident fund | 217.40 | 206.84 |
| Employer's contribution to superannuation fund | 1.53 | 1.63 |
| Employer's contribution to ESIC and Employees Deposit Linked Insurance (EDLI) | 11.56 | 11.98 |
| Employer's contribution to labour welfare fund | 0.09 | 0.09 |

### II) Defined benefit plan

The Group operates a defined benefit plan, viz., gratuity.

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination. Provision for Gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Group reviews the level of funding in gratuity fund.

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 41 Employee benefits (Cont.)

### (a) Movements in the present value of the defined benefit obligation are as follows:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Opening defined benefit obligation** | 395.05 | 550.11 |
| Interest cost | 25.00 | 39.00 |
| Current service cost | 48.29 | 73.16 |
| Benefits paid | (19.79) | (26.35) |
| Actuarial (Gain)/loss on obligations- due to change in financial assumptions | - | (211.27) |
| Actuarial (Gain)/Loss on obligations- due to change in demographic assumptions | - | 15.80 |
| Actuarial (Gain)/loss on obligations- due to change in experience adjustment | 4.04 | (45.40) |
| **Closing defined benefit obligation** | **452.59** | **395.05** |

### (b) Movements in the fair value of the plan assets are as follows:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Opening fair value of plan assets** | 290.95 | 274.79 |
| Employer's contributions | 36.29 | 23.33 |
| Interest income | 18.77 | 19.42 |
| Remeasurement gain / (loss) : | | |
| Return on plan assets (excluding amounts included in net interest expense) | (1.07) | (0.24) |
| Benefit paid | (19.79) | (26.35) |
| **Closing fair value of plan assets** | **325.15** | **290.95** |

### (c) Reconciliation of fair value of plan assets and defined benefit obligation:

The amount included in the financial statements arising from the Group's obligation in respect of its defined benefit obligation plan is as follows:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Fair value of plan assets** | 325.15 | 290.95 |
| Present value of obligation | 452.59 | 395.05 |
| **Amounts recognized in the Consolidated balance sheet surplus/(deficit)** | **(127.44 )** | **(104.10 )** |

### (d) The amount recognised in Consolidated statement of profit and loss in respect of the defined benefit plan are as follows:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Current service cost** | 48.29 | 73.16 |
| Net interest expense / (income) | 6.23 | 19.58 |
| **Components of defined benefit costs recognised in Consolidated statement of profit and loss** | **54.52** | **92.74** |

## 41 Employee benefits (Cont.)

### (e) The amount recognised in other comprehensive income in respect of the defined benefit plan is as follows:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Remeasurement on the net defined benefits liability:** | | |
| Return on plan assets (excluding amounts included in net interest expense) | (1.07) | (0.24) |
| Actuarial gains/ (losses) arising from changes in financial assumptions | - | 211.27 |
| Actuarial gains / (losses) arising from changes in demographic assumptions | - | (15.80) |
| Actuarial gains / (losses) arising from changes in experience adjustments | (4.04) | 45.40 |
| **Components of defined benefit recognised as income / (loss) in other comprehensive income** | **(5.11)** | **240.63** |

### (f) The principal assumptions used for the purpose of the actuarial valuations were as follows:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Discount rate (per annum)** | **6.80%** | **6.80%** |
| Salary escalation rate (per annum) | 5.00% | 5.00% |
| Expected rate of return on plan assets (per annum) | 6.80% | 6.80% |
| Retirement age | 58 Years | 58 Years |
| **Mortality rate during employment (per annum)** | Indian Assured lives Mortality (2012-14) | Indian Assured lives Mortality (2006-08) |
| **Leaving Service (Age groups)** | 21-30 years - 4% | 21-30 years -1% to 4% |
| | 31-40 years - 3% | 31-40 years - 3% |
| | 41-50 years - 2% | 41-50 years - 2% |
| | Above 50 years - 1% | Above 50 years - 1% |

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is considered as per declaration from Life Insurance Corporation of India (LIC) .

The expected contributions for defined benefit plan for the next financial year is ₹35.00 Lakhs (for the year ended March 31, 2020 - ₹25.00 Lakhs)

### (g) Maturity analysis of projected benefit obligation

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Expected benefits for Year 1 | 73.67 | 54.84 |
| Expected benefits for Year 2 | 40.12 | 38.09 |
| Expected benefits for Year 3 | 33.35 | 36.22 |
| Expected benefits for Year 4 | 20.25 | 29.04 |
| Expected benefits for Year 5 | 29.78 | 17.32 |
| Expected benefits for Year 6 | 45.42 | 26.82 |
| Expected benefits for Year 7 | 61.71 | 39.88 |
| Expected benefits for Year 8 | 34.93 | 56.66 |
| Expected benefits for Year 9 | 13.12 | 28.35 |
| Expected benefits for Year 10 and above | 595.12 | 509.09 |

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 41 Employee benefits (Cont.)

### (h) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Insurer Managed Funds | 100% | 100% |

### (i) Sensitivity analysis

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at end of year, while holding all other assumptions constant. The result of sensitivity analysis is given below:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| | Impact on defined benefit obligation | Impact on defined benefit obligation |
| **Discount rate (- 0.50%)** | **4.53%** | **4.56%** |
| Discount rate (+ 0.50%) | -4.20% | -4.22% |
| Salary Escalation Rate (- 0.50%) | -4.01% | -4.31% |
| Salary Escalation Rate (+ 0.50%) | 4.30% | 4.62% |

### (j) Inherent risks:

The inherent risk for the Company mainly are adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

### III) Other long term benefit plan

Actuarial valuation for compensated absences is done as at the year end and provision is made as per Company rules with corresponding charge / (credit) to the Consolidated statement of profit and loss amounting to ₹71.95 Lakhs [March 31, 2020: (₹18.28 Lakhs)] and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined at the year end using the "Projected Unit Credit Model". Gains and losses on changes in actuarial assumptions related to defined benefit obligations are recognised in OCI where as gains and losses in respect of other long term employee benefit plans are recognised in the Consolidated statement of profit and loss.

## 42 Leases:

### (A) Assets taken on operating lease

Effective April 01, 2019, the Group had adopted Ind AS 116 "Leases" and applied to lease contracts existing on April 01, 2019, by electing 'retrospective approach with the cumulative effect at the date of initial application'. Under this approach, the Group had recorded lease liability at the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17.

The Group had entered into agreements for taking on leave and license basis certain residential and office premises and also taken vehicles on lease basis. The Group also has lease arrangements for lands taken on lease at Dahej and Saykha. The lease term in respect of these lease ranges from 2 to 99 years. In respect of the said leases, the additional information is as under

## 42 Leases: (Cont.)

(₹ in Lakhs)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Depreciation charge for right-of-use assets** | **149.64** | **152.86** |
| Expenses relating to leases of low-value assets accounted for on straight line basis (included in Rent expenses in Note 39) | 37.30 | 45.51 |
| Total cash outflow for leases | 135.40 | 213.86 |

Mayurity analysis of lease liabilities (on undiscounted basis)

(₹ in Lakhs)

| Particulars | Amount | Amount |
|---|---|---|
| **Less than one year** | **154.57** | **152.73** |
| **One to five years** | **264.01** | **384.21** |
| More than five years | 702.00 | 720.00 |
| **Total** | **1,120.58** | **1,256.94** |
| **Weighted average incremental borrowing rate applied to lease liabilities recognised in the balance sheet** | 10% | 10% |

The following is the summary of practical expedients elected on initial application:

i) The Group has not reassessed whether a contract is or contains a lease at the date of initial application.

ii) The Group has utilised the exemptions provided for short-term leases (less than a year) and leases for low value assets.

iii) The Group has utilised hindsight in determining the lease terms where contracts contained options to extend or terminate the lease.

iv) Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application

The difference between the operating lease commitments as of March 31, 2019, disclosed applying Ind AS 17 and the value of the lease liability recognised in the balance sheet at the date of initial application is primarily on account of inclusion of extension options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116.

General description of significant leasing agreements

(i) Refundable interest free deposits have been given under lease agreements.

(ii) Some of the agreements provide for early termination by either party with a specified notice period / renewal with conditions

### B. Assets given on operating lease

The Parent Company has entered into operating lease agreement for sublease of property in Worli, Mumbai with original lease period expiring on December 2022.

The Parent Company has also entered into various operating lease agreements for its properties in Thane with original lease periods expiring upto Novmeber 2025. These agreements have a non-cancellable period at the beginning of the period for 3/5 years and have rent escalation provisions of 5% every year or 15% after 3 years.

(₹ in Lakhs)

| Particulars | Amount | Amount |
|---|---|---|
| a) Rent income recognised in the Consolidated statement of profit and loss | 1,429.97 | 1,378.20 |
| [Includes rentals on sub-lease of ₹219.48 Lakhs (March 31, 2020: ₹227.18 Lakhs)] | | |
| b) Future minimum lease income under the non-cancellable leases in the aggregate and for each of the following periods: | | |
| i) Not later than one year | 199.66 | 368.33 |
| ii) Later than one year and not later than five years | 419.46 | 4.36 |
| iii) More than five years | - | - |

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 43 Segment information:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Parent Company. The Managing Director of the Parent Company, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CODM of the Parent Company. The Group has identified the following segments as reporting segments based on the information reviewed by CODM.

The business segments have been identified considering :

a) the nature of products and services

b) the differing risks and returns

c) the internal organisation and management structure, and

d) the internal financial reporting systems

The segment information presented is in accordance with the accounting policies adopted for preparing the consolidated financial statements of the Group. Segment revenues, expenses and results include inter-segment transfers.

### A) The primary reporting of the Group has been performed on the basis of business segments, viz:

Chemicals/Bulk Drug- Manufacturing and selling of chemicals, primarily bulk drugs and enzymes.

Property - Renting of properties

Segments have been identified and reported based on the nature of the services, the risk and returns, the organisation structure and the internal financial reporting systems.

(₹ in Lakhs)

| | 2020-2021 | | |
|---|---|---|---|
| | 2019-2020 | | |
| | Bulk Drug/Chemicals | Property | Total |
| a. Revenue | | | |
| 1 Segment revenue | 35,983.97 | 1,762.91 | 37,746.88 |
| | *27,550.83* | *1,963.05* | *29,513.88* |
| Less : Inter-segment revenue | - | 18.00 | 18.00 |
| | - | *230.33* | *230.33* |
| Unallocated revenue (net) | | | 825.05 |
| | | | *1,243.67* |
| 2 Total | | | 38,553.93 |
| | | | *30,527.22* |
| b. Result | | | |
| 1 Segment profit | 5,857.16 | 924.24 | 6,781.40 |
| | *5,533.83* | *563.10* | *6,096.93* |
| 2 Finance costs | | | 1,797.46 |
| | | | *1,914.04* |
| 3 Unallocable income/(expenditure) (net) | | | 177.41 |
| | | | *157.41* |
| 4 Inter segment results | | | 1.71 |
| | | | *1.71* |
| 5 Profit before tax | | | 5,163.06 |
| | | | *4,342.01* |
| 6 Tax expense | | | |
| - current tax | | | 1,129.02 |
| | | | *338.88* |
| - deferred tax credit | | | (219.00) |
| | | | *(1,948.89)* |

## 43 Segment information: (Cont.)

(₹ in Lakhs)

| | 2020-2021 | | |
|---|---|---|---|
| | 2019-2020 | | |
| | Bulk Drug/Chemicals | Property | Total |
| 7 Profit after tax | | | 4,253.04 |
| | | | *5,952.02* |
| c. Other information | | | |
| 1 Segment assets | 48,505.21 | 7,548.25 | 56,053.46 |
| | *40,580.16* | *8,069.03* | *48,649.19* |
| 2 Unallocated corporate assets | | | 12,654.16 |
| | | | *12,718.26* |
| 3 Total assets | | | 68,707.62 |
| | | | *61,367.45* |
| 4 Segment liabilities | 8,570.50 | 803.18 | 9,373.68 |
| | *7,289.02* | *814.09* | *8,103.11* |
| 5 Unallocated corporate liabilities | | | 23,304.55 |
| | | | *22,319.56* |
| 6 Total liabilities | | | 32,678.23 |
| | | | *30,422.67* |
| 7 Cost incurred during the year to acquire | | | |
| - segment tangible and intangible assets | 5,527.09 | - | 5,527.09 |
| | *6,846.93* | *-* | *6,846.93* |
| - unallocated segment tangible and intangible assets | | | - |
| | | | *-* |
| 8 Depreciation and amortization expense | 1,671.23 | 347.08 | 2,018.31 |
| | *1,126.73* | *356.58* | *1,483.31* |
| 9 Unallocated depreciation | | | 12.53 |
| | | | *16.66* |

(Figures in italics are the corresponding figures in respect of the previous year.)

### B) Geographical information

Geographical information is reported on the basis of the geographical location of the customers. The management views the Indian market and export markets as distinct geographical markets.

Revenue by market – The following is the distribution of the Group's revenue by geographical market:

(₹ in Lakhs)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| India | | |
| Bulk Drug/Chemicals | 8,852.93 | 8,420.14 |
| Property | 1,744.91 | 1,732.72 |
| Europe - Bulk Drug/Chemicals | 11,776.24 | 8,635.50 |
| USA - Bulk Drug/Chemicals | 5,902.04 | 3,002.28 |
| Others countries - Bulk Drug/Chemicals | 9,452.76 | 7,504.28 |
| | 37,728.88 | 29,294.92 |

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 43 Segment information: (Cont.)

Assets by geographical area – The following is the carrying amount of segment non-current assets by geographical area in which the assets are located:

(₹ in Lakhs)

| | Non-Current assets* | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| India | | |
| Bulk Drug/Chemicals | 21,924.74 | 17,687.92 |
| Property | 8,568.52 | 8,938.10 |
| Europe | | |
| Bulk Drug/Chemicals | 395.45 | 466.20 |
| USA | | |
| Bulk Drug/Chemicals | 1,095.08 | - |
| | **31,983.79** | **27,092.22** |

* Non-current assets exclude investments, loans, share application money, other financial assets, tax assets and other non current assets.

The Group has generated revenue aggregating ₹3,982.79 Lakhs from a customers (March 31, 2020 : ₹6,529.96 Lakhs from two customers). Revenue from each of these customers is 10% or more of the group's total revenue.

## 44 List of entities included in the consolidated financial statements is as under

| | Country of Incorporation | Proportion of ownership interest as at | |
|---|---|---|---|
| | | March 31, 2021 | March 31, 2020 |
| Parent Company: | | | |
| Fermenta Biotech Limited (Formerly Known as DIL Limited) | India | | |
| Subsidiaries | | | |
| Aegean Properties Limited | India | 100.00% | 100.00% |
| CC Square Films Limited* | India | 100.00% | 100.00% |
| Fermenta Biotech GmbH | Germany | 100.00% | 100.00% |
| Fermenta Biotech (UK) Limited | United Kingdom | 100.00% | 100.00% |
| G.I. Biotech Private Limited | India | 62.50% | 62.50% |
| Fermenta Biotech USA LLC (w.e.f. May 27, 2020) | United States | 100.00% | - |
| Fermenta USA LLC (w.e.f. December 01, 2020) | United States | 52.00% | - |
| Associate | | | |
| Health and Wellness India Private Ltd | India | 47.15% | 47.15% |

*Application for strike off of CC Square Films Limited was made to Ministry Of Corporate Affairs before March 31, 2021, however, the status on Ministry Of Corporate Affairs website is 'Under Process of Striking Off'.

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 45. Disclosure of additional information pertaining to the Parent Company, subsidiaries, associate as per Schedule III of Companies Act, 2013:

(₹ in Lakhs )

| | | | March 31, 2021 | | | | | | | | March 31, 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Net assets, i.e., total assets minus total liabilities | | Share in profit/(loss) | | Share in other comprehensive income/(loss) | | Share in total comprehensive income/(loss) | | Net assets, i.e., total assets minus total liabilities | | Share in profit/(loss) | | Share in other comprehensive income/(loss) | | Share in total comprehensive income/(loss) | |
| Sr No | Particulars | Name of the Entity | % | ₹ in Lakhs | % | ₹ in Lakhs | % | ₹ in Lakhs | % | ₹ in Lakhs | % | ₹ in Lakhs | % | ₹ in Lakhs | % | ₹ in Lakhs | % | ₹ in Lakhs |
| I | Parent Company | Fermenta Biotech Limited | 88% | 31,596.55 | 111% | 5,048.20 | 100% | (27.24) | 111% | 5,020.96 | 96% | 29,636.73 | 104% | 6,203.67 | 100% | 173.57 | 104% | 6,377.24 |
| II | Subsidiary Companies | | | | | | | | | | | | | | | | | |
| | a. India | Aegean Properties Limited | 0% | 51.31 | 0% | 9.86 | - | - | 0% | 9.86 | 0% | 54.38 | 0% | (27.00) | - | - | 0% | (27.00) |
| | | CC Square Films Limited | 0% | - | 0% | - | - | - | 0% | - | 0% | 5.62 | 0% | (0.00) | - | - | 0% | (0.00) |
| | | G I Biotech Private Limited | 0% | (0.07) | 0% | (0.33) | - | - | 0% | (0.33) | 0% | (0.12) | 0% | (0.62) | - | - | 0% | (0.62) |
| | b. Foreign | Fermenta Biotech (Uk) Limited | 1% | 185.44 | 0% | 1.63 | - | - | 0% | 1.63 | 1% | 183.82 | 0% | (0.18) | - | - | 0% | (0.18) |
| | | Fermenta Biotech GmbH | 4% | 1,472.67 | -4% | (190.64) | - | - | -4% | (190.64) | 3% | 1,064.35 | -4% | (223.85) | - | - | -4% | (223.85) |
| | | Fermenta Biotech USA LLC (Consolidated with its subsidiary) | 8% | 2,723.49 | -14% | (615.68) | | - | -14% | (615.68) | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| III | Non-controlling interests in all subsidiaries | | 0% | 29.63 | 7% | 297.62 | - | - | 7% | 297.62 | 0% | (1.24) | 0% | 0.58 | - | - | 0% | 0.58 |
| IV | Associate* | | | | | | | | | | | | | | | | | |
| | India | Health And Wellness India Private Limited | 0% | - | 0% | - | - | - | 0% | - | 0% | - | 0% | - | - | - | 0% | - |
| | | Total | 100% | 36,059.02 | 100% | 4,550.66 | 100% | (27.24) | 100% | 4,523.42 | 100% | 30,943.54 | 100% | 5,952.60 | 100% | 173.57 | 100% | 6,126.17 |

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 46 Related parties disclosures as per Ind AS 24

A) Names of the related parties where there are transactions and description of relationships

a) Holding Company:

DVK Investments Private Limited

b) i) Key Management Personnel

| Name of Key Management Personnel | Designation |
|---|---|
| Mr. Krishna Datla (also a person controlling the Holding Company) | Managing Director upto May 08, 2021 Executive vice chairman (w.e.f. May 9, 2021) |
| Mr. Satish Varma | Executive Director |
| Mr. Sanjay Buch | Non-Executive Director |
| Ms. Rajeshwari Datla (also relative of the Managing Director) | Non-Executive Director |
| Ms. Anupama Datla Desai (also relative of the Managing Director) | Executive Director |
| Dr. Gopakumar Nair | Non-Executive Director |
| Mr. Vinayak Hajare | Non-Executive Director |
| Mr. Rajashri Ojha | Non-Executive Director |
| Mr. Prashant Nagre | Chief Executive Officer upto May 08, 2021 Managing Director (w.e.f. May 9, 2021) |
| Mr. Sumesh Gandhi | Chief Financial Officer |
| Mr. Srikant N Sharma | Company Secretary |

c) Associates

Health and Wellness India Private Limited

Silk Road Communications Private Limited (Associate of Holding Company)

d) Enterprises under significant influence of key management personnel or their relatives:

Magnolia FNB Private Limited

Dupen Laboratories Private Limited

Lacto Cosmetics (Vapi) Private limited

B) Related party transactions:

(₹ in Lakhs)

| Sr. No. | Particulars | Holding Company | Key Management Personnel* | Enterprises under significant influence of key management personnel or their relatives | Associates |
|---|---|---|---|---|---|
| 1 | Remuneration to Directors and Key Management Personnel (including commission)* | | | | |
| | Mr. Krishna Datla | - | 274.65 | - | - |
| | | ( - ) | (274.75) | ( - ) | ( - ) |
| | Mr. Satish Varma | - | 225.31 | - | |
| | | ( - ) | (196.13) | ( - ) | ( - ) |
| | Ms. Anupama Datla Desai | - | 160.68 | - | - |
| | | ( - ) | (121.58) | ( - ) | ( - ) |
| | Mr. Prashant Nagre | - | 224.36 | - | - |
| | | ( - ) | (186.32) | ( - ) | ( - ) |
| | Mr. Sumesh Gandhi | - | 81.07 | - | - |
| | | ( - ) | (77.00) | ( - ) | ( - ) |

## 46 Related parties disclosures as per Ind AS 24 (Contd.)

(₹ in Lakhs)

| Sr. No. | Particulars | Holding Company | Key Management Personnel* | Enterprises under significant influence of key management personnel or their relatives | Associates |
|---|---|---|---|---|---|
| | Mr. Srikant N Sharma | - | 80.14 | - | - |
| | | ( - ) | (53.73) | ( - ) | ( - ) |
| | Commission to non-executive directors (excluding statutory levy) | | | | |
| | Mr. Sanjay Buch | - | 13.21 | - | - |
| | | ( - ) | (10.01) | ( - ) | ( - ) |
| | Dr. Gopakumar Nair | - | 13.21 | - | - |
| | | ( - ) | (10.01) | ( - ) | ( - ) |
| | Ms. Rajeshwari Datla | - | 13.21 | - | - |
| | | ( - ) | (10.01) | ( - ) | ( - ) |
| | Mr. Vinayak Hajare | - | 13.21 | - | - |
| | | ( - ) | (10.01) | ( - ) | ( - ) |
| | Mr. Rajashri Ojha | - | 13.21 | - | - |
| | | ( - ) | ( - ) | ( - ) | ( - ) |
| 2 | Directors sitting fees | | | | |
| | Mr. Krishna Datla | - | - | - | - |
| | | ( - ) | (2.60) | ( - ) | ( - ) |
| | Ms. Rajeshwari Datla | - | 7.50 | - | - |
| | | ( - ) | (5.30) | ( - ) | ( - ) |
| | Mr. Satish Varma | - | - | - | - |
| | | ( - ) | (2.50) | ( - ) | ( - ) |
| | Mr. Sanjay Buch | - | 8.10 | - | - |
| | | ( - ) | (9.00) | ( - ) | ( - ) |
| | Mr. Vinayak Hajare | - | 8.10 | - | - |
| | | ( - ) | (6.40) | ( - ) | ( - ) |
| | Ms. Rajashri Ojha | - | 5.00 | - | - |
| | | ( - ) | ( - ) | ( - ) | ( - ) |
| | Dr. Gopakumar Nair | - | 7.70 | - | - |
| | | ( - ) | (7.50) | ( - ) | ( - ) |
| 3 | Sale of products | | | | |
| | Dupen Laboratories Private Limited | - | - | 25.51 | - |
| | | ( - ) | ( - ) | (20.81) | ( - ) |
| 4 | Purchase of raw materials and packing materials | | | | |
| | Lacto Cosmetics (Vapi) Private Limited | - | - | - | - |
| | | ( - ) | ( - ) | (0.71) | ( - ) |
| 5 | Processing charges | | | | |
| | Lacto Cosmetics (Vapi) Private Limited | - | - | - | - |
| | | ( - ) | ( - ) | (3.69) | ( - ) |

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 46 Related parties disclosures as per Ind AS 24 (Contd.)

(₹ in Lakhs)

| Sr. No. | Particulars | Holding Company | Key Management Personnel* | Enterprises under significant influence of key management personnel or their relatives | Associates |
|---|---|---|---|---|---|
| 6 | Other reimbursements received | | | | |
| | Lacto Cosmetics (Vapi) Private Limited | - | - | - | - |
| | | ( - ) | ( - ) | (1.60) | ( - ) |
| 7 | Rent income | | | | |
| | DVK Investments Private Limited | 0.30 | - | - | - |
| | | (0.30) | ( - ) | ( - ) | ( - ) |
| | Magnolia FNB Private Limited | - | - | 0.30 | - |
| | | ( - ) | ( - ) | (0.30) | ( - ) |
| | Silk Road Communications Private Limited | - | - | - | 1.35 |
| | | ( - ) | ( - ) | ( - ) | (1.35) |
| 8 | Interest on loan taken | | | | |
| | DVK Investments Private Limited | - | - | - | - |
| | | (4.60) | ( - ) | ( - ) | ( - ) |
| 9 | Loans repayment | | | | |
| | DVK Investments Private Limited | - | - | - | - |
| | | (250.00) | ( - ) | ( - ) | ( - ) |

(Figures in brackets are the corresponding figures in respect of the previous year.)

* Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

### C) Balance outstanding as at the end of the year :

(₹ in Lakhs )

| | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| a. | Trade receivables | | |
| | Enterprises under significant influence of key management personnel or their relatives | | |
| | Dupen Laboratories Pvt Ltd | 26.59 | 22.45 |
| b. | Other financial liabilities | | |
| | Key management personnel | | |
| | Mr. Krishna Datla | 132.43 | 130.00 |
| | Mr. Satish Varma | 112.31 | 78.00 |
| | Ms. Anupama Datla Desai | 79.28 | 40.00 |
| | Mr. Prashant Nagre | 66.92 | 50.05 |
| | Ms. Rajeshwari Datla | 13.21 | 10.01 |
| | Dr. Gopakumar Nair | 13.21 | 10.01 |
| | Mr.Sanjay Buch | 13.21 | 10.01 |
| | Mr. Vinayak Hajare | 13.21 | 10.01 |
| | Ms. Rajashri Ojha | 13.21 | - |
| c. | Deposit from tenants | | |
| | Associate of Holding Company | | |
| | Silk Road Communications Private Limited | 0.20 | 0.20 |

## 46 Related parties disclosures as per Ind AS 24 (Contd.)

(₹ in Lakhs )

| | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| d. | **Provision for diminution in the value of investment, inter-corporate deposits and other financial assets** | | |
| | Associate | | |
| | Health and Wellness India Private Limited | 223.34 | 223.34 |
| e. | **Loans to employees** | | |
| | Key management personnel | | |
| | Mr.Prashant Nagre | - | 27.52 |
| f. | **Inter corporate deposits** | | |
| | Associate | | |
| | Health and Wellness India Private Limited | 37.00 | 37.00 |

## 47 Research and development expenditure:

Research and development expenditure of ₹ 560.25 Lakhs (March 31, 2020: ₹ 653.85 Lakhs) (excluding interest and depreciation) has been charged to the Consolidated statement of profit and loss. The capital expenditure in the current year on research and development amounts to ₹ 21.03 Lakhs (March 31, 2020: ₹ 497.20 Lakhs).

**48** During the year ended March 31, 2021, Commission of ₹ 324.02 Lakhs to the Managing Director and Executive Directors and directors sitting fees and commission to non-excecutive directors aggregating ₹ 102.45 Lakhs has been charged to the Consolidated statement of profit and loss. During the year ended March 31, 2020, Commission of ₹ 248.00 Lakhs to the Managing Director and Executive Directors and directors sitting fees and commission to non-excecutive directors aggregating ₹ 73.34 Lakhs has been charged to the Consolidated statement of profit and loss.

## 49A Categories of the financial instruments

(₹ in Lakhs )

| Particulars | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| a) | **Financial assets** | | |
| | Financial assets measured at fair value through Other comprehensive income | | |
| | Investments in equity instruments - quoted | 20.83 | 21.49 |
| | Investments in equity instruments - unquoted | 4.11 | 4.11 |
| | Financial assets measured at amortised cost | | |
| | (i) Trade receivables | 6,801.48 | 6,977.42 |
| | (ii) Cash and cash equivalents | 1,679.44 | 751.45 |
| | (iii) Bank balances other than (ii) above | 2,773.80 | 2,559.54 |
| | (iv) Loans | 478.45 | 2,155.00 |
| | (v) Other financial assets | 567.08 | 1,042.95 |
| | **Total Financial assets** | **12,325.19** | **13,511.96** |
| | | | |
| b) | **Financial liabilities measured at amortised cost** | | |
| | (i) Borrowings | 22,932.38 | 22,029.02 |
| | (ii) Lease liabilities | 286.21 | 368.91 |
| | (iii) Trade payables | 6,213.71 | 5,633.47 |
| | (iv) Other financial liabilities | 1,782.38 | 1,616.15 |
| | Financial liabilities measured at fair value through profit or loss Derivatives not designated as hedge | 110.15 | - |
| | **Total Financial liabilities** | **31,324.83** | **29,647.55** |

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 49B Reconciliation of Level 3 fair value measurements:

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Opening balance | 4.11 | 48.05 |
| Total gains or (losses) | | |
| Recognised in consolidated statement of profit and loss. | - | (43.94) |
| Closing balance | 4.11 | 4.11 |

**50** Additions of ₹ 860.00 Lakhs to Product know-how represents development expenses incurred to achieve a predefined optimum yield on a product launched during the year where the application to patent this process is pending approval from Controller General of Patents, Designs and Trade Marks.

## 51 Fair value

Fair value of financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required :

( ₹ in Lakhs )

| | Carrying value | | Fair value | |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| Financial assets | | | | |
| (i) Trade receivables | 6,801.48 | 6,977.42 | 6,801.48 | 6,977.42 |
| (ii) Cash and cash equivalents | 1,679.44 | 751.45 | 1,679.44 | 751.45 |
| (iii) Bank balances other than (ii) above | 2,773.80 | 2,559.54 | 2,773.80 | 2,559.54 |
| (iv) Loans | 478.45 | 2,155.00 | 478.45 | 2,155.00 |
| (v) Others financial assets | 567.08 | 1,042.95 | 567.08 | 1,042.95 |
| Total assets | 12,300.25 | 13,486.36 | 12,300.25 | 13,486.36 |
| Financial liabilities | | | | |
| (i) Borrowings | 22,932.38 | 22,029.02 | 22,932.38 | 22,029.02 |
| (ii) Lease liabilities | 286.21 | 368.91 | 286.21 | 368.91 |
| (iii) Trade payables | 6,213.71 | 5,633.47 | 6,213.71 | 5,633.47 |
| (iv) Other financial liabilities | 1,782.38 | 1,616.15 | 1,782.38 | 1,616.15 |
| (v) Derivatives not designated as hedge | 110.15 | - | 110.15 | - |
| Total liabilities | 31,324.83 | 29,647.55 | 31,324.83 | 29,647.55 |

The financial assets above do not include other investments measured at fair value through OCI.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Consolidated financial statements approximate their fair values.

## 52 Fair value hierarchy

( ₹ in Lakhs )

| | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | Fair Value | Fair value hierarchy | Fair Value | Fair value hierarchy |
| Financial assets measured at fair value through Other comprehensive income | | | | |
| Investments in equity shares-quoted | 20.83 | Level 1 | 21.49 | Level 1 |
| Investments in equity shares-unquoted | 4.11 | Level 3 | 4.11 | Level 3 |
| Financial Liabilities measured at fair value through profit or loss | | | | |
| Derivatives not designated as hedge | 110.15 | Level 2 | - | - |

## 53 Financial risk management objectives and policies

The Group is exposed to credit risk, liquidity risk and market risk. The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

a) Market risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates, commodity prices and equity price risk). Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term borrowings. The Group is exposed to market risks related to foreign exchange rate risk, commodity rate risk, interest rate risk and other price risks, such as equity price risks. Thus, the Group's exposure to market risk is a function of borrowing activities, revenue generating and operating activities in foreign currencies.

### i) Equity price risk

The Group's unlisted equity securities are susceptible to market price risk arising form uncertainties about future values of the investments in securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Group's Board of Directors review and approve, all investments in the equity investments.

As at March 31, 2021, the group had exposure to equity securities measured at fair value. The changes in fair values of the equity investments were strongly positively co-related with changes in market index. As at March 31, 2021 and March 31, 2020, the Group did not have material investments in / exposure to quoted or unquoted securities.

### ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short term borrowings obligations with floating interest rates.

The Group manages it's interest rate risk by having a balanced portfolio of fixed and variable rate long term and short term borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the borrowings. With all other variables held constant, the Group's profit before tax will be affected as below due to change in interest rate:

| Year ended | (+) Increase/(-) decrease in basis points | Effect on profit (decrease) / increase # |
|---|---|---|
| March 31, 2021 | +0.50 | (115.71) |
| | (0.50) | 115.71 |
| March 31, 2020 | +0.50 | (110.09) |
| | (0.50) | 110.09 |

# Loss before tax will have an equal but opposite impact.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the observable market environment as at the respective year end.

### iii) Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. The prices of the Group's raw materials generally are stable. Cost of raw materials forms the largest portion of the Group's cost of revenues. A large portion of the Group's sales are subject to commodity rate risk having a volatile pricing. The group monitors overall demand supply position and pricing movement to decide marketing strategies to overcome risk of changing prices of the products.

### iv) Foreign currency risk

The Group's foreign exchange risk arises from its foreign currency revenues and expenses and foreign currency borrowings. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Groups's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies

# Notes to the Consolidated financial statements
for the year ended March 31, 2021

## 53 Financial risk management objectives and policies (Contd.)

have changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Group largely uses the natural hedge to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

The year end foreign currency exposures that have not been hedged (before giving effects of natural hedge) by derivative instrument or otherwise are given below:

A) Significant foreign currency risk exposure relating to trade receivables, other financial assets and cash and cash equivalents :

(₹ in Lakhs )

| Particulars | Currency | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|---|
| | | Amount in foreign currency ( in Lakhs ) | ₹ in Lakhs | Amount in foreign currency ( in Lakhs ) | ₹ in Lakhs |
| Financial assets | | | | | |
| Cash and cash equivalents (including EEFC) | EURO | 2.77 | 238.12 | 5.60 | 465.11 |
| | USD | 5.40 | 396.16 | 1.31 | 98.13 |
| | SGD | 0.02 | 0.90 | 0.02 | 0.87 |
| | | | | | |
| Trade receivables and other financial assets | USD | 46.28 | 3,392.27 | 46.68 | 3,506.00 |
| | EURO | 28.34 | 2,438.76 | 32.66 | 2,786.40 |

B) Significant foreign currency risk exposure relating to borrowings and trade payables :

(₹ in Lakhs )

| Particulars | Currency | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|---|
| | | Amount in foreign currency ( in Lakhs ) | ₹ in Lakhs | Amount in foreign currency ( in Lakhs ) | ₹ in Lakhs |
| Financial liabilities | | | | | |
| Trade payables | EURO | - | - | 11.30 | 940.42 |
| | USD | 13.35 | 978.41 | 5.39 | 405.29 |
| | CZK | - | - | 0.01 | 0.03 |
| | GBP | - | - | 0.01 | 0.60 |
| Borrowings ( PCFC ) | EURO | 57.88 | 4,980.68 | 62.33 | 5,185.86 |
| | USD | 8.53 | 625.56 | 16.40 | 1,233.97 |
| External Commercial borrowing (ECB) | EURO | 16.65 | 1,432.31 | 22.52 | 1,873.85 |
| Foreign Currency Term Loan (FCTL) | EURO | 12.73 | 1,095.61 | 22.52 | 1,873.40 |

C) Foreign currency sensitivity

For the years ended March 31, 2021 and March 31, 2020, every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets / liabilities would increase the Group's profit and increase the Group's equity by approximately ₹ 146.41 Lakhs and ₹ 232.62 Lakhs, respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect. In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

D) Derivative contracts

The Parent is exposed to exchange rate risk that arises from its foreign exchange revenues and expenses, primarily in US Dollars and Euros and foreign currency debts in US dollars and Euros. The Company uses cross currency interest rate swap (known as, "derivatives") to mitigate its risk of changes in foreign currency exchange rates. The counterparty for these contracts is generally a bank.

## 53 Financial risk management objectives and policies (Contd.)

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contract:

(₹ in Lakhs )

| Particulars | Currency | Buy/Sell | Cross Currency | March 31, 2021 | March 31, 2020 |
|---|---|---|---|---|---|
| Derivatives not designated as hedges | | | | | |
| Cross currency interest rate swap | EUR | Buy | INR | 28.32 | - |

### b) Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers, loans and other financial assets. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counter party to which the Group grants credit terms in the normal course of business.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

#### i) Trade receivables

The Group has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Group uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers. The Group evaluates the concentration of risk with respect to trade receivables which is low, as its customers are widely spread with small outstanding amounts (For detailed movement in provision for trade receivables - Refer note 15)

(₹ in Lakhs )

| Trade receivables | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Not due | 6,063.42 | 2,750.41 |
| 1 - 90 days | 45.11 | 2,702.74 |
| 91 -180 days | 150.32 | 1,471.44 |
| Beyond 180 days | 1,023.87 | 419.44 |
| | **7,282.72** | **7,344.03** |

#### ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. Credit risk in case of Intercorporate deposit given is managed by the Group's in accordance with the Group's policy. ICD only be given out of surplus funds, are made only with the approval of the Group's Board of Directors and are reviewed by the Group's Board on an annual basis.

### c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations as they fall due. The Group's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and investment in liquid mutual funds to meet the Group's operating requirements with an appropriate level of headroom. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 53 Financial risk management objectives and policies (Contd.)

### Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

(₹ in Lakhs )

| March 31, 2021 | Amount | Less than 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| Borrowings | 22,932.38 | 11,888.58 | 6,360.48 | 4,683.32 |
| Other financial liabilities (including derivatives not designated as hedge) | 1,892.53 | 1,844.71 | 47.82 | - |
| Lease liabilities | 286.21 | 116.19 | 170.02 | - |
| Trade payables | 6,213.71 | 6,213.71 | - | - |
| **Total** | **31,324.83** | **20,063.19** | **6,578.32** | **4,683.32** |

(₹ in Lakhs )

| March 31, 2020 | Amount | Less than 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| Borrowings | 22,029.02 | 11,850.35 | 5,207.06 | 4,971.61 |
| Other financial liabilities | 1,616.15 | 1,556.71 | 59.44 | - |
| Lease liabilities | 368.91 | 104.85 | 264.07 | - |
| Trade payables | 5,633.47 | 5,633.47 | - | - |
| **Total** | **29,647.55** | **19,145.38** | **5,530.57** | **4,971.61** |

The Group had unutilised credit limit of borrowing facilities as at March 31, 2021: ₹ 2,084.00 Lakhs and as at March 31, 2020 ₹ 3,400.00 Lakhs from banks.

## 54 Capital management

The Group's capital management objectives are:

- to ensure the Groups's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Group monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the Consolidated financial statements. The Group's objective for capital management is to maintain an optimum overall financial structure.

### (i) The gearing ratio at the end of the year was as follows:

(₹ in Lakhs )

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Debts (Term loans and loans repayable on demand including current maturities of long term borrowings) | 22,932.38 | 22,029.02 |
| Less: Cash and cash equivalents (Refer note 16) | 1,679.44 | 751.45 |
| **Net debt** | **21,252.94** | **21,277.57** |
| Total equity | 36,059.02 | 30,943.54 |
| Net debt to equity ratio | 59% | 69% |

## 54 Capital management (Contd.)

### (ii) Dividend on equity shares paid during the year

(₹ in Lakhs )

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Dividend on equity shares** | | |
| Dividend for the year ended March 31, 2019 of ₹ 1.25 per share on 91,72,792 equity shares of ₹ 5.00/- each, fully paid up | - | 114.68 |
| Dividend distribution tax on above | - | 23.57 |
| Interim dividend paid during the year ended March 31, 2020 of ₹ 5.00/- per share on 96,15,774 equity shares (net of 1,94,555 equity shares of ₹ 5.00/- each which were held by ESOP Trust) [Refer note 21(c)] | - | 480.78 |
| Dividend distribution tax on above | - | 100.83 |

**Dividends not recognised at the end of the reporting period**

The Board of Directors of the Company at its meeting held on June 29, 2021 have recommended dividend of ₹ 2.50 per share. The proposed dividend is subject to the approval of shareholders in the ensuring annual general meeting and hence not recognised as a liability.

## 55 Investment properties

The Group's investment properties consist of Thane One Building and freehold land located at Majiwade Thane. Out of the 16 floors, ground to 13 floors have been considered as Investment property by the Management. In addition to Thane One building and freehold land at thane, the Group has freehold land at Takawe and also premises at Ceejay House, Worli, Mumbai.

Criteria used for classification of property as investment property

The Group has considered the following for classification of property as investment property:

(i) Investment property comprises building and other assets required to provide ancillary services to the occupants of the investment property.

(ii) The properties that are not occupied by the Group for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment property. The Group has a building which is primarily meant for renting, is classified as an investment property, except for the part of that building which is used for administrative purposes, and hence classified as owner-occupied property. The Group has apportioned the cost of the property between investment property and owner-occupied property in the ratio of area used, respectively, as a percentage of total area.

Estimation of fair value

The fair value of the Investment Property has been determined as ₹ 44,204.60 Lakhs. (previous year ₹ 44,688.19 Lakhs) The fair value has been determined by an external, independent property valuer, having appropriate professional qualification and recent experience in the location and category of the property being valued. The Company obtains independent valuation for its investment property and fair value measurement has been categorised as Level 3. The fair value has been arrived at by using comparable market rate approach. The main inputs used are quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent in village Majiwada area and Takawe area.

Amount recognised in Consolidated statement of profit and loss

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Income from investment properties | 1,744.91 | 1,732.72 |
| Less: Direct operating expenses (including repairs and maintenance) generating income from investment properties | 820.67 | 1,169.62 |
| Income arising from investment properties | 924.24 | 563.10 |
| Less: Depreciation | (255.80) | (256.64) |
| **Income/(loss) arising from investment properties after depreciation** | **668.44** | **306.46** |

Refer note 42B for operating lease arrangements and total future minimum lease rentals receivable.

Refer note 23 for the existence of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 56 Income tax

A Tax expense recognised in the Consolidated statement of profit and loss and other comprehensive income consists of:

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Tax expenses: | | |
| Current tax | 1,129.02 | 338.88 |
| Deferred tax credit | (219.00) | (1,948.89) |
| **Income tax expense recognised in the Consolidated statement of profit and loss** | **910.02** | **(1,610.01)** |
| Tax expense recognised in other comprehensive income | (1.49) | 70.07 |
| **Total tax expense** | **908.53** | **(1,539.94)** |

B A reconciliation of income tax expense to the amount computed by applying the statutory income tax rate to the profit before income tax is summarised below:

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Profit before tax | 5,163.06 | 4,342.01 |
| Enacted income tax rate in India (%) # | 34.944% | 29.120% |
| Income tax expense calculated at enacted income tax rate | 1,804.18 | 1,264.38 |
| Effect of tax on: | | |
| Impact of change in tax rates on Deferred tax assets | (137.71) | 84.89 |
| MAT Credit entitlement recognised | - | (5,072.14) |
| Utilisation of Deferred tax asset recognised on unaborbed depreciation/ carried forward losses pursuant to scheme of amalgamation (refer note 61) | - | 2,946.52 |
| Expenses disallowed under Income Tax Act | 76.02 | 64.85 |
| Carried forward tax loss / unabsorbed tax depreciation of subsidairy for the current year for which DTA is not created | 66.62 | 65.18 |
| Income exempted from tax | (1,037.87) | (1,198.96) |
| Incremental deduction on account of research and development costs | (7.35) | (167.54) |
| Reversal of income tax expense of financial year 2018-19 pursuant to scheme of amalgamation (Refer note 61) | - | (510.03) |
| Differential tax effect due to effective tax rate difference | 326.85 | 853.92 |
| Others | (180.72) | 58.91 |
| **Total income tax expense** | **910.02** | **(1,610.01)** |
| **Tax expense recognised in profit or loss** | 910.02 | (1,610.01) |
| Tax expense recognised in other comprehensive income | (1.49) | 70.07 |
| **Total tax expense** | **908.53** | **(1,539.94)** |

# The tax rate used for reconciliation above is the corporate tax rate of 34.944% (March 31, 2020: 29.12%) at which the Parent Company is liable to pay tax on taxable income under the Indian tax Law.

## 56 Income tax (Contd.)

C The major components of deferred tax (liabilities)/assets arising on account of temporary differences are as follows:

(₹ in Lakhs )

| Particulars | For the year ended March 31, 2021 | | | |
|---|---|---|---|---|
| | As at April 01, 2020 | Statement of profit and loss | Other comprehensive income | As at March 31, 2021 |
| (I) Components of deferred tax assets (net) | | | | |
| Deferred tax liabilities | | | | |
| Property, Plant and Equipment, investment property and intangible assets: Impact of difference between written down value as per books of account and income tax | (1,533.23) | (507.83) | - | (2,041.06) |
| Deferred tax assets | | | | |
| Expenses claimed for tax purpose on payment basis | 121.99 | 12.95 | 1.49 | 136.43 |
| Allowance for doubtful debts and advances | 142.17 | 19.97 | - | 162.14 |
| Allowance for impairment in the value of non current investment and share application money | - | 138.32 | | 138.32 |
| Effect of deferred tax on Inventory and other related items | - | 142.19 | - | 142.19 |
| MAT Credit entitlement | 5,072.14 | 326.85 | - | 5,398.99 |
| Unabosrbed carried forward losses | - | 77.75 | - | 77.75 |
| Others | 7.44 | 8.80 | - | 16.24 |
| **Deferred tax credit** | | **219.01*** | **1.49** | **6,072.06** |
| **Net deferred tax assets** | **3,810.51** | | | **4,031.01** |

* Reads as ₹ 219.00 Lakhs on the consolidated statements of profit and loss due to rounding off

(₹ in Lakhs )

| Particulars | For the year ended March 31, 2020 | | | |
|---|---|---|---|---|
| | As at April 01, 2019 | Statement of profit and loss | Other comprehensive income | As at March 31, 2020 |
| (I) Components of deferred tax assets (net) | | | | |
| Deferred tax liabilities | | | | |
| Property, Plant and Equipment, investment property and intangible assets: Impact of difference between written down value as per books of account and income tax | (1,457.07) | (76.16) | - | (1,533.23) |
| Deferred tax assets | | | | |
| Expenses claimed for tax purpose on payment basis | 218.53 | (26.47) | (70.07) | 121.99 |
| Allowance for doubtful debts and advances | 223.72 | (81.55) | - | 142.17 |
| Unabsorbed depreciation/carried forward losses | 2,946.51 | (2,946.51) | - | - |
| MAT Credit entitlement | - | 5,072.14 | - | 5,072.14 |
| Others | - | 7.44 | - | 7.44 |
| **Deferred tax credit / (charge)** | | **1,948.89** | **(70.07)** | |
| **Net deferred tax assets** | **1,931.70** | | | **3,810.51** |

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 56 Income tax (Contd.)

D Details of unused tax losses and unabsorbed tax depreciation for which deferred tax assets have not been recognised:

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Unused tax losses (capital in nature) | 124.35 | 225.42 |
| Unused tax losses of subsidiary | 414.49 | 223.85 |

The unused tax losses (capital in nature) will expire from financial year 2021-22 to financial year 2027-28 and unused tax losses of subsidiary can be used for indefinite period.

Pursuant to scheme of amalgamation as mentioned in note 1.2, during the financial year 2018-19 ( assessment year 2019-2020) Company has through revised income tax return filed on July 26, 2020, recognised an intangible assets of ₹ 60,390.05 Lakhs in the form of Goodwill in its income tax block of assets and has claimed under section 32(1) of the Income Tax Act, 1961 ('the Act') depreciation of ₹ 15,097.51 Lakhs for assessment year 2019-2020 and for assessment year 2020-2021, ₹ 11,323.15 Lakhs. Pending the outcome of the assessment by the income tax authorities, the aforesaid amount of depreciation has not been considered as deduction for arriving at the provision for taxation and also deferred tax assets has not been created on the amount recognised as goodwill for the purposes of the Act.

## 57 Acquisition of a subsidiary

(i) On December 01, 2020, Fermenta Biotech USA LLC, a wholly owned subsidiary of the Company, has acquired 52% of membership interest in AGD Nutrition LLC, which is into similar line of business of the Company. The name of AGD Nutrition LLC has since been changed to Fermenta USA LLC.

(ii) Identifiable assets acquired and liabilities

The Company has determined the fair values as at the acquistion date based on valuation report obtained from an independent valuer.

The amounts recognised in respect of the identifiable assets acquired and liabilities are set out in the table below:

| Particulars | ₹ in Lakhs |
|---|---|
| Assets | |
| Intangible assets | 436.52 |
| Trade receivables | 164.34 |
| Cash and cash equivalents | 61.15 |
| Inventories | 1452.26 |
| Other current assets | 18.19 |
| | **2132.46** |
| Liabilities | |
| Trade Payables | 1577.67 |
| Other current liabilities | 2.67 |
| | **1580.34** |
| Total identifiable net assets at fair value | 552.12 |
| (iii) Calculation of Goodwill | |
| Total consideration paid in Cash | 943.85 |
| Add: Non Controlling Interest | 266.75 |
| Less: Fair vale of nets assets acquired | -552.12 |
| **Goodwill** | **658.48** |
| (iv) Net cash outflow arising on acquistion | |
| Cash consideration | 943.85 |
| Less: Cash and cash equivalent balances acquired | -61.15 |
| | **882.70** |

## 57 Acquisition of a subsidiary (Contd.)

(v) The Parent Company's objective of creating an integrated nutritional and pharmaceutical business with a global footprint. Goodwill of ₹ 658.48 Lakhs is attributable to future growth of business.

(vi) The transaction cost of ₹ 9.10 Lakhs have been expensed in the consolidated statement of profit and loss.

(vii) The fair value of the financial assets includes receivables with a fair value of ₹ 164.34 Lakhs and the management expects to collect the entire amount of receivables.

(viii) Fermenta USA LLC has reported revenue of ₹ 2414.01 Lakhs and loss after tax of ₹ 601.87 Lakhs from the date of acquistion till March 31, 2021. Had the entity been acquired from April 01, 2020, it would have reported revenue of ₹ 5151.72 Lakhs Loss after tax of ₹ 515.04 Lakhs during 2020-21.

## 58 Share-based payments

### Employee share option plan of the Parent Company

### 1.1 Details of the employee share option plan of the Parent Company

This ESOP 2019 scheme had been framed pursuant to the Scheme of Amalgamation between the erstwhile Fermenta Biotech Limited ("Transferor Company") with the DIL Limited ("Transferee Company") and their respective shareholders. The Transferor Company prior to the Scheme of Amalgamation had implemented the 'Fermenta Biotech Limited - Employee Stock Option Plan 2019' and were granted employee stock options to its eligible employees. Further, the number of transferee options issued shall equal to the product of number of transferor options outstanding on effectiveness of Scheme multiplied by the Share exchange ratio (0.398) and each transferee option shall have an exercise price per equity share equal to transferor option exercise price per equity shares divided by the share exchange ratio (0.398) and fractions rounded off to the next higher whole number. The terms and conditions of ESOP 2019 Scheme of DIL Limited are not less favourable than those of ESOP Scheme of erstwhile Fermenta Biotech Limited. Under the ESOP 2019 Scheme, stock options have been issued to the eligible employees of erstwhile Fermenta Biotech Limited (Refer note 1.2).

In accordance with the terms of the plan, as approved by the erstwhile shareholders of Fermenta Biotech Limited at an extra general meeting, executives and senior employees with the Company were granted options to purchase equity shares.

Each employee share option converts into one equity share of the Parent Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is calculated in accordance with the performance-based formula and is subject to approval by the remuneration committee. The formula rewards executives and senior employees to the extent of the Parent Company and the individual's achievement judged against both qualitative and quantitative criteria.

The following share-based payment arrangements were in existence during the current year:

| Options series | Number** | Grant date | Expiry date | Exercise price | Fair value at grant dates |
|---|---|---|---|---|---|
| Plan 1 (60% of options granted under ESOP 2019) | 160,708 | 25.02.2019, 12.08.2019 and 01.09.2020 | 25.02.2025, 12.08.2025 and 28.02.2025 | 83.67 | 421.71 and 298.16 |
| Plan 1 (20% of options granted under ESOP 2019) | 53,570 | 25.02.2019, 12.08.2019 and 01.09.2020 | 25.02.2026, 12.08.2026 and 28.02.2026 | 83.67 | 421.71 and 298.16 |
| Plan 1 (20% of options granted under ESOP 2019) | 53,570 | 25.02.2019, 12.08.2019 and 01.09.2020 | 25.02.2027, 12.08.2027 and 28.02.2027 | 83.67 | 421.71 and 298.16 |
| Plan 2 (100% of options granted under ESOP 2019) | 217,410 | 25.02.2019 | 25.02.2025 | 83.67 | 418.22 |

Options granted under ESOP 2019 shall vest not before 1 (one) year and not later than maximum Vesting Period of 5 (five) years from the date of grant of such Options. Subject to the minimum vesting period of one year, the Nomination and Remuneration Committee of the Board at its discretion approve for acceleration of Vesting of any or all unvested Options of the Option Grantee.

The above number of options, fair value at grant dates and exercise price were adjusted in accordance with the Share exchange ratio (0.398:1) as per the scheme of amalgamation.

**The number of options are after giving effect of the amalgamation and bonus shares issued during the previous year.

# Notes to the Consolidated financial statements

for the year ended March 31, 2021

## 58 Share-based payments (Contd.)

### 1.2 Fair value of share options granted

The weighted average fair value of the share options granted during the financial year is ₹ 298.16 (Previous year ₹ 421.71). Options were priced using Black-Scholes option pricing model. Where relevant, the expected life used in the model has been calculated based on a weighted average of vests. Expected volatility is based on the historical share price information of similar listed entities.

| | Option series | | | |
|---|---|---|---|---|
| Inputs into the model | Plan 1 (60% of options granted under ESOP 2019) | Plan 1 (20% of options granted under ESOP 2019) | Plan 1 (20% of options granted under ESOP 2019) | Plan 2 (100% of options granted under ESOP 2019) |
| Grant date share price | 421.71 and 298.16 | 421.71 and 298.16 | 421.71 and 298.16 | 418.22 |
| Exercise price | 83.67 | 83.67 | 83.67 | 83.67 |
| Expected volatility | 69.28% and 65.33% | 68.83% and 61.84% | 68.08% and 60.02% | 69.28% |
| Option life | 4.51 years and 4 years | 5.51 years and 5 years | 6.51 years and 6 years | 4.51 years |
| Dividend yield | 0% and 0.57% | 0% and 0.57% | 0% and 0.57% | 0.00% |
| Risk-free interest rate | 7.14% and 5.22% | 7.25% and 5.53% | 7.35% and 5.78% | 7.14% |

### 1.3 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

| | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Balance at beginning of year | 427,647 | 83.67 | 140,199 | 83.67 |
| Pursuant to scheme of amalgamation (Refer Note 1.2) | - | - | - | - |
| Granted during the year | 70,278 | 83.67 | 5,219 | 83.67 |
| Forfeited during the year | 12,667 | 83.67 | 2,869 | 83.67 |
| Bonus options issued during the year | - | - | 285,098 | 83.67 |
| Exercised during the year | - | - | - | - |
| Expired during the year | - | - | - | - |
| Balance at end of year | 485,258 | 83.67 | 427,647 | 83.67 |

Number of shares and exercise price are adjusted in accordance with the Share exchange ratio (0.398:1) as per the scheme of amalgamation for the year ended March 31, 2020.

No share options were exercised during the year .

### 1.4 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 83.67 (as at March 31, 2020: ₹ 83.67), and a weighted average remaining contractual life of 1.84 years.

## 59 Commitments:

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) | 688.71 | 1,852.15 |
| (b) Lease commitments | 261.66 | 362.08 |
| **Total** | **950.37** | **2,214.23** |

## 60 Contingent liabilities:

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Claims against the Group not acknowledged as debts; | | |
| a) Tax matters | | |
| Service tax department raised demand of ₹ 22.50 Lakhs consisting of Service Tax of ₹ 7.50 Lakhs and penalty of ₹ 15.00 Lakhs in connection with services rendered post demerger of the pharmaceutical division. Commissioner of Service Tax Mumbai and CESTAT has upheld the order of Joint Commissioner of Service Tax. The Company has preferred an appeal to Bombay High Court. | 22.50 | 22.50 |
| The Deputy Commissioner of sales tax has confirmed the order of the Assistant Commissioner of sales tax Vapi, Gujarat for year 1992-93 and 1993-94 for demand of interest and penalty due to shortfall in tax payment on account of computation of purchase tax setoff. Company has preferred an appeal to sales tax tribunal Ahmedabad, Gujarat and obtained stay against the order/demand of the Assistant Commissioner pending final disposal. | 4.63 | 4.63 |
| Total | 27.13 | 27.13 |

Note: Future cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various authorities/forums and/or final outcome of the matters.

61 a) In view of the amalgamation referred to in note 1.2, the Parent, in the previous year, had recognised a deferred tax asset on unutilised carried forward losses and depreciation in respect of DIL Limited as it is probable that future taxable profits will be available against which the unutilised carried forward losses can be utilised.

b) During the previous year ended March 31, 2020, the management has assessed the recoverability of MAT credit entitlement and recognised MAT credit of ₹ 5,072.14 Lakhs (presented within deferred tax asset). Further, the effect of change in the Minimum alternative tax rate from 18% to 15% plus applicable surcharge and health and education cess thereon as enacted in the Taxation Law (Amendment) Ordinance, 2019 and also a change in the income tax rate from 30% to 25% plus applicable surcharge and health and education cess thereon as enacted in the Union Budget 2019 for companies which have turnover less than 400 Crores for the financial year 2017-18. Accordingly, the Parent Company had measured the deferred taxes (other than MAT credit entitlement as referred above) as at March 31, 2020 at the eligible tax rate of 25% plus applicable surcharge and health and education cess thereon.

c) The combined effects of the above [61(a) and 61(b)] have been included in the tax expense for the year ended March 31, 2020. reversal of current tax by 510.03 Lakhs and net credit for deferred tax of 1,611.08 Lakhs.

## 62 Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprise Development Act, 2006

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| (a) i) Principal amount remaining unpaid to any supplier at the end of the accounting year | 78.34 | 98.01 |
| ii) Interest due on above | - | - |
| The Total of (i) and (ii) | 78.34 | 98.01 |
| (b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| (c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| (d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |

# Notes to the Consolidated financial statements
for the year ended March 31, 2021

## 62 Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprise Development Act, 2006 (Contd.)

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group. This has been relied upon by the auditors.

## 63 Capitalisation of borrowing costs

During the year ended March 31, 2021, the Group capitalised the following borrowing costs attributable to qualifying assets to the cost of property, plant and equipment / capital work-in-progress (CWIP). Consequently, finance costs disclosed under note 37 are net of amounts capitalised by the Group Company.

(₹ in Lakhs )

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Finance costs (Including forex revaluation) | 328.44 | 234.29 |
| **Total** | **328.44** | **234.29** |

**64** The Parent Company had given (unsecured) Inter-corporate deposits aggregating ₹ 2,130.00 Lakhs in various tranches to another entity for the development of the new product i.e. cholesterol from Fish Oil. The amount outstanding as on March 31, 2021 is ₹ 521.96 Lakhs, including interest of ₹ 46.96 Lakhs. Subsequent to the end of the year, the other entity has further repaid an amount of ₹ 521.96 Lakhs towards the aggregate outstanding as mentioned above, and there is no outstanding against the said Inter-corporate deposits as on date.

**65** As per the current assessment of the situation based on the internal and external information available up to the date of approval of these consolidated financial statements by the Board of Directors, the Group believes that the Impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited. The eventual outcome of the impact of the global health pandemic may be different from those-estimated as on the date of approval of these consolidated financial statements and the Group will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

**66** The Consolidated financial statements are approved for issue by the Board of Directors of the Parent Company at its meeting held on June 29, 2021.

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

Krishna Datla
*Executive-Vice Chairman*

Prashant Nagre
*Managing Director*

Satish Varma
*Executive Director*

Sumesh Gandhi
*Chief Financial Officer*

Srikant N. Sharma
*Company Secretary*

Mumbai, June 29, 2021

# FERMENTA BIOTECH LIMITED

(formerly known as DIL Limited)
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# NOTICE

Notice is hereby given that the Sixty-Ninth Annual General Meeting ("AGM") of the Members of Fermenta Biotech Limited (formerly known as DIL Limited) ('Company') will be held on Friday, September 3, 2021 at 11:30 a.m. (IST) through Video Conferencing/Other Audio-Visual Means, to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt:

   (a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021, Reports of the Board of Directors and the Auditors thereon; and

   (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 and the Report of the Auditors thereon.

2. To declare dividend of ₹2.50 per equity share of ₹5 each for the financial year ended March 31, 2021.

3. To appoint a Director in place of Mr. Satish Varma (DIN – 00003255), who retires by rotation and, being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS

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

   **To appoint Mr. Krishna Datla as a Whole-time Director of the Company, designated as Executive Vice-Chairman, for a period of 3 years w.e.f. May 9, 2021**

   "**RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made thereunder, read with Schedule V and other applicable provisions, if any, including statutory modification(s) or enactment(s) thereto, for the time being in force, of the Companies Act, 2013 ("Act"), provisions of Regulation 17 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and based on the recommendation of the Board of Directors (hereinafter referred to as the 'Board' which term shall include the Nomination and Remuneration Committee of the Board), consent of the members of the Company be and is hereby accorded to appoint Mr. Krishna Datla (DIN: 00003247) as a Whole-time Director and Key Managerial Personnel of the Company, designated as Executive Vice-Chairman ('Whole-time Director') for a period of 3 years commencing from May 9, 2021 to May 8, 2024 as per the salary, perquisites, terms and conditions as set out in the agreement dated May 06, 2021 entered into between the Company and the Whole-time Director ('Agreement'), which *inter alia*, are set out in the Explanatory statement;

   **RESOLVED FURTHER THAT** during the tenure of the Whole-time Director, the Board is hereby authorised to revise, amend, alter and vary the remuneration and terms of the appointment of the Whole-time Director in accordance with the aforesaid sections read with Schedule V and other applicable provisions (including statutory modification(s) or enactment(s) thereto, for the time being in force) of the Act.

   **RESOLVED FURTHER THAT** notwithstanding anything contained hereinabove, where in any financial year and during the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the Board is hereby authorised to revise, approve and pay the remuneration to the Whole-time Director by way of salary, perquisites and other allowances, as per the provisions specified in Section II of Part II of Schedule V to the Act (including statutory modification(s) or enactment(s) thereto, for the time being in force).

   **RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

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

   **Appointment of Mr. Prashant Nagre, as a Director of the Company**

   "**RESOLVED THAT** pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), Regulation 17 and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on recommendation of the Board of Directors (hereinafter referred to as the 'Board' which term shall include the Nomination and Remuneration Committee of the Board), Mr. Prashant Nagre (DIN: 09165447), who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 6, 2021 in terms of sub-section (1) of Section 161 of the Companies Act, 2013 and Articles of Association of the Company and whose term of office expires at this Annual General Meeting, be and is hereby appointed as a Director and the period of his office shall not be liable for determination by retirement of directors by rotation."

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

   To appoint Mr. Prashant Nagre as Managing Director of the Company for a period of 3 years w.e.f. May 9, 2021

   "RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made thereunder, read with Schedule V and other applicable provisions, if any, including statutory modification(s) or enactment(s) thereto, for the time being in force, of the Companies Act, 2013 ("Act"), provisions of Regulation 17 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and based on the recommendation of the Board of Directors (hereinafter referred to as the 'Board' which term shall include the Nomination and Remuneration Committee of the Board), consent of the members of the Company be and is hereby accorded to appoint Mr. Prashant Nagre (DIN: 09165447) as a Managing Director and Key Managerial Person of the Company ('Managing Director') for a period of 3 years commencing from May 9, 2021 to May 8, 2024 as per the salary, perquisites, terms and conditions as set out in the agreement dated May 06, 2021 entered into between the Company and the Managing Director ('Agreement'), which *inter alia*, are set out in the Explanatory statement; and the period of his office shall not be liable for determination by retirement of directors by rotation."

   RESOLVED FURTHER THAT during the tenure of the Managing Director, the Board is hereby authorised to revise, amend, alter and vary the remuneration and other terms and conditions of the appointment of the Managing Director in accordance with the aforesaid sections read with Schedule V and other applicable provisions (including statutory modification(s) or enactment(s) thereto, for the time being in force) of the Act.

   RESOLVED FURTHER THAT notwithstanding anything contained hereinabove, where in any financial year, during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Board is hereby authorised to revise, approve and pay the remuneration to the Managing Director by way of salary, perquisites and other allowances, as per the provisions specified in Section II of Part II of Schedule V to the Act (including statutory modification(s) or enactment(s) thereto, for the time being in force).

   RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

7. To consider, and if thought fit, pass with or without modification, the following resolution as an Ordinary Resolution:

   Remuneration of Cost Auditor of the Company

   "RESOLVED THAT pursuant to provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force), the members of the Company hereby approve the payment of remuneration of ₹2,75,000 (Rupees Two Lakh Seventy Five Thousand only) plus taxes as applicable and reimbursement of out of pocket expenses, if any, to Joshi Apte & Associates, Cost Accountants (Firm Registration Number – 00240) ['Cost Auditor'] to conduct the cost audit in respect of applicable product(s) manufactured by the Company for the financial year ending on March 31, 2022".

8. To Consider, and if thought fit, to pass with or without modification, the following as a Special Resolution:

   Commission to Non-Executive Directors

   "RESOLVED THAT pursuant to the provisions of Section 197, 198 including rules made thereunder, Schedule V (including Section II of Part II thereof) and any other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) ['Act'] and Articles of Association of the Company, the consent of members be and is hereby accorded to pay and distribute among the Non-Executive Directors (including Independent Directors) of the Company (other than the Managing Director and/or Executive/ Whole-time Directors) such profit related commission in such manner and proportion, as set out in the explanatory statement, for the financial year 2020 -21 as recommended by the Board of Directors and the Nomination and Remuneration Committee, calculated in accordance with the provisions of Section 197 read with Section 198 and/or Schedule V of the Act for the said financial year.

   RESOLVED FURTHER THAT the above profit related commission shall be in addition to fees payable to the director(s) for attending the meetings of the Board or any Committee thereof as may be decided by the Board of Directors and reimbursement of expenses for participation in such Board and Committee meetings."

By Order of the Board of Directors of
Fermenta Biotech Limited (formerly known as DIL Limited)

SRIKANT N. SHARMA
Company Secretary & Vice President (Legal)
Membership No: FCS – 3617

June 29, 2021, Thane
Registered Office:
A-1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (W) – 400 610, Maharashtra, India.

## Notes:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide its General Circular No. 02/2021 dated January 13, 2021 read together with General Circulars No. 20/2020 dated May 05, 2020, No. 14/2020 dated April 08, 2020 and No. 17/2020 dated April 13, 2020 and other applicable circulars ("MCA Circulars") and the Securities and Exchange Board of India ('SEBI') vide its circular SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 read with circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and other applicable circulars ('SEBI Circulars'), permitted holding of the AGM through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue during the calendar year 2021. Accordingly in compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), MCA Circulars and SEBI Circulars, the Company has decided to convene the AGM through VC / OAVM. The venue of the AGM shall be deemed to be A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) - 400 610, Maharashtra.

2. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Act read with MCA Circulars and any other applicable law.

3. The Board of Directors at its meeting held on June 29, 2021 has considered and decided to include the Special Business items in the AGM, as they are unavoidable in nature. The relevant Explanatory Statement pursuant to Section 102 of the Act with respect to the special business items set out in the Notice is annexed.

4. The profile of Directors recommended for re-appointment and appointment at the AGM under item no. 3, 4, 5 and 6 of the Notice, as required by Listing Regulations and Secretarial Standard on General Meetings as specified by the Institute of Company Secretaries of India ("Secretarial Standard"), is furnished in the Explanatory Statement to the Notice. The necessary statutory consents and declarations have been received by the Company from the directors for their appointment and re-appointment.

5. Since this AGM is being held through VC / OAVM, whereby physical attendance of members has been dispensed with and in accordance with the MCA Circulars and SEBI Circulars, the facility to appoint a proxy to attend and/or cast vote for the member is not available for this AGM, the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

6. Pursuant to the provisions of section 112 and 113 of the Act read with the MCA Circulars, corporate/entity members are entitled to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting. Corporate/entity members are required to send a certified copy of its board resolution or governing body resolution or duly executed authority letter/ power of attorney in pdf or jpg format, authorising its representative to attend the AGM through VC/ OAVM on its behalf and to vote through remote e-voting or e-voting. The said resolution shall be sent to the Scrutiniser appointed by the Board of Directors of the Company viz. Mr. V. N. Deodhar (Membership No. FCS 1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, by email through their registered email address to vndeodhar@gmail.com with copies marked to the Company at info@fermentabiotech.com.

7. **Dividend related information:**

   A. **Updation of members' details:** The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Act requires the Company/ Registrar & Transfer Agents ('R&T Agent') to record additional details of members, including their PAN details, email address, bank details for payment of dividend, etc. Members holding shares in physical form are requested to furnish the above details to the Company or its R&T Agent. Members holding shares in dematerialisation mode are requested to furnish the above details to their respective Depository Participant(s) ("DP").

   B. Members are hereby informed that pursuant to Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, (IEPF Rules), dividend which is remaining unpaid / unclaimed by Members for a period of seven consecutive years and corresponding shares shall be transferred to Investor Education and Protection Fund (IEPF). During FY 2020-21, unclaimed final equity dividend for the financial year 2012-13 (₹1,70,737.50) and unclaimed interim dividend for the financial year 2013-14 (₹1,80,855) have been transferred to IEPF. Correspondingly, 2,961 shares and 3,644 shares respectively have also been transferred to IEPF in due course.

   The details of shares already transferred to IEPF are also available on Company's website at https://fermentabiotech.com/transfer-of-shares-to-iepf.php. Such Members whose dividend(s) and/ or shares have been transferred to IEPF can now claim their dividend(s) and/or shares from the IEPF Authority by following the 'Procedure to claim Refund' as detailed on the website of IEPF Authority at www.iepf.gov.in/IEPF/refund.html

   The details of Members whose dividends are lying unpaid/unclaimed with the Company as on March 31, 2021, are available on the Company's website at https://fermentabiotech.com/dividends-bonus-split-buyback.php. The due dates for transfer of unclaimed/unpaid dividends of the financial year 2013-14 and thereafter are as available at https://fermentabiotech.com/dividends-bonus-split-buyback.php

   All shares in respect of which final equity dividend for FY 2013-14 has remained unpaid or unclaimed for seven consecutive years or more shall be transferred by the company to IEPF by Saturday, October 30, 2021 along with the unpaid or unclaimed dividend thereon from final equity dividend for financial year 2013-14 onwards. The Company had sent individual intimation letters to concerned Members alongwith advertisement in the newspapers seeking action from the concerned Members. The details of such Members along with their unpaid/ unclaimed dividends and corresponding shares due for transfer to IEPF by Saturday, October 30, 2021 are available on the website of the Company i.e. www.fermentabiotech.com/dividendsbonus-splitbuyback.php. Such Members are requested to claim their unencashed final dividend for the financial year 2013-14 and dividends declared thereafter, if any, by writing a letter to the Company or R&T Agent on or before Saturday, September 25, 2021.

C. **Deduction of tax at source on Final Dividend payout:**

Dividend of Rs.2.50 per equity share of ₹5 each, if approved, will be paid to those shareholders / beneficial owners whose names appear in the Register of Members as on Record Date i.e. Thursday, August 26, 2021. The said dividend will be paid on or before September 13, 2021 by electronic transfer to those shareholders who have furnished bank account details to the Company/ R&T Agent. Physical warrants shall be dispatched to the shareholders, who have not registered their ECS mandates.

In accordance with the provisions of the Income Tax Act, 1961 (for the purpose of this note, hereinafter referred to as 'the Act') as amended by and read with the provisions of the Finance Act, 2020, with effect from April 01, 2020, dividend declared and paid by the Company is taxable in the hands of the shareholders. The Company shall, therefore, be required to deduct tax at source ('TDS') from dividend paid to the shareholders at the applicable rates.

The TDS rate may vary depending on the residential status of the shareholder and the documents submitted to the Company in accordance with the provisions of the Act. Please note that since the dividend shall be finalised in the forthcoming AGM, it will be taxable to the shareholder in the FY 2021-22. Thus, all the details and declarations furnished should pertain to FY 2021-22.

The TDS provisions for various categories of shareholders along with required documents are provided below:

(i) For Resident Shareholders:

| Category of Shareholder | Tax Deduction Rate | Exemption Applicability/ Documents required |
|---|---|---|
| Any resident shareholder | 10% | Please update the PAN, if not already done, with depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents – Link Intime India Private Limited (in case of shares held in physical mode).<br>Deduction of taxes shall not be applicable in the following cases –<br>➢ If dividend income to a resident Individual shareholder during FY 2021-22 does not exceed ₹5,000/-,<br>➢ If shareholder is exempted from TDS provisions through any circular or notification and provides an attested copy of the PAN along with the documentary evidence in relation to the same. |
| Submission of Form 15G/ Form 15H | Nil | Eligible Shareholder shall provide Form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable to an Individual above the age of 60 years) - provided that all the prescribed eligibility conditions are met. |
| Order under section 197 of the Act | Rate provided in the order | Lower / NIL withholding tax certificate obtained from Income Tax authorities. |
| Insurance Companies: Public & Other Insurance Companies | Nil | Self-declaration that it has full beneficial interest with respect to shares owned, along with self-attested copy of PAN card and registration certificate. |
| Corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income- tax on its income | Nil | Documentary evidence that the person is covered under section 196 of the Act. |
| New Pension System Trust | Nil | Documentary evidence that the Trust is established in India and is the beneficial owner of the share/shares held in the Company; and its income is exempt under Section 10(44) of the Act and being regulated by the provisions of the Indian Trusts Act, 1882; and it is submitting self-attested copy of the PAN card and registration certificate, as applicable. |
| Mutual Funds | Nil | Documentary evidence that the person is covered under section 196 of the Act and a self- declaration that they are governed by the provisions of section 10(23D) of the Act along with copy of registration documents (self-attested) |
| Alternative Investment fund | Nil | Documentary evidence that the person is covered by Notification No. 51/2015 dated June 25, 2015 and a declaration that its income is exempt under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of registration documents (self-attested) should be provided. |
| Other resident shareholder without PAN/Invalid PAN | 20% | - |

Please Note that:

a) A valid Permanent Account Number ("PAN") will be mandatorily required. If, as statutorily required, any PAN is found to have not been linked with Aadhar number, then such PAN will be deemed invalid and TDS would be deducted at higher rates under section 206AA of the Act. We request you to inform us well in advance, if you have not linked your Aadhar with PAN as provided in section 139AA(2) read with Rule 114AAA. The Company reserves its right to recover any demand raised subsequently on the Company for not informing the Company or providing wrong information about applicability of Section 206AA in your case.

b) Where the PAN is either not available or is invalid, tax shall be deducted at the rate prescribed as per Section 206AA of the Act or 20%, whichever is higher.

c) Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

(ii) For Non-Resident Shareholders:

| Category of Shareholder | Tax Deduction Rate | Exemption Applicability/ Documents required |
|---|---|---|
| Non-resident shareholders | 20% (plus applicable) | Non-resident shareholders may opt for tax rate under the Tax Treaty. The Tax Treaty rate shall be applied for tax deduction at source on submission of following documents to the company:<br>(i) Self-attested copy of PAN card, if any, allotted by the Indian income tax authorities;<br>(ii) Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident;<br>(iii) Self-declaration in Form 10F (refer (iii) below), if all the details required in this form are not mentioned in the TRC;<br>(iv) Self-declaration (refer (iii) below) by the non-resident shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement (Non-resident having Permanent Establishment in India would need to comply with provisions of section 206AB of the Act).<br>(v) In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of SEBI registration certificate.<br>(vi) In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).<br>TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above-mentioned documents are not provided or if any document is not in order.<br>The Company is not obligated to apply the Tax Treaty rates at the time of tax deduction/withholding on dividend amounts. Application of Tax Treaty rate shall depend upon the completeness of the documents submitted by the non-resident shareholder and are in accordance with the provisions of the Act. |
| Submitting Order under section 195(3) /197 of the Act | Rate provided in the Order | Lower/NIL withholding tax certificate obtained from Income Tax authorities. |

Note: The Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

To summarise, dividend will be paid after deducting the tax at source as under:

- NIL for resident shareholders receiving dividend upto ₹5,000 or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN card is submitted.
- 10% for other resident shareholders in case copy of PAN card is provided/available.
- 20% for resident shareholders if copy of PAN card is not provided / not available.
- Tax will be assessed on the basis of documents submitted by the non-resident shareholders.
- 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.
- Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under section 197 of the Act.

Aforesaid rates will be subject to applicability of section 206AB of the Act.

In terms of Rule 37BA of Income Tax Rules 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then such deductee should file declaration with Company in the manner prescribed by the Rules.

In case tax on dividend is deducted at a higher rate in the absence of receipt or defect in any of the aforementioned details / documents, shareholder will be able to claim refund of the excess tax deducted by filing your income tax return. No claim shall lie against the Company for such taxes deducted.

(iii) For all Shareholders:

Forms 15G/15H/10F for tax exemption can be downloaded from the LIIPL's website. The URL for the same is https://www.linkintime.co.in/client-downloads.html - On this page select the General tab. All the forms are available in under the head "Form 15G/15H/10F"

The aforementioned documents (duly completed and signed) are required to be uploaded on the URL https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html . On this page the user shall be prompted to select / share the following information to register their request:

1. Select the company (Dropdown)
2. Folio / DP-Client ID
3. PAN
4. Financial year (Dropdown)
5. Form selection
6. Document attachment – 1 (PAN)
7. Document attachment – 2 (Forms)
8. Document attachment – 3 (Any other supporting document).

(iv) Section 206AB of the Act

Rate of TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of Act (effective from July 1, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is required to be deducted at higher of following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return, the tax shall be deducted at the higher of the two rates prescribed in these two sections.

The term 'specified person' is defined in sub-section (3) of section 206AB who satisfies the following conditions:

- A person who has not filed the income tax return for two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the Act has expired; and
- The aggregate of TDS and TCS in his case is ₹50,000 or more in each of these two previous years.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

While your Company is awaiting the guidelines from the Government prescribing the mechanism to determine who fulfils the conditions of being a 'specified person'. Therefore, in order to comply with the provisions of the Act, and unless any mechanism is prescribed by the authorities in this regard, Company will proceed on the assumption that all shareholders are in compliance with the provisions of section 206AB of the Act. However, we request you to inform us well in advance and before cut-off date if you are covered under the definition of 'specified person' as provided in section 206AB of the Act. The Company reserves its right to recover any demand raised subsequently on the Company for not informing the Company or providing wrong information about applicability of Section 206AB in your case.

(v) Other instructions:

Please note that duly completed and signed documents need to be submitted on or before Sunday, August 22, 2021, 5:00 p.m. IST in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/deduction shall be considered after Sunday, August 22, 2021, 5:00 p.m. IST.

The Company will arrange to email a soft copy of TDS certificate to you at your registered email ID post completion of all dividend related activities.

Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you, option is available to file the return of income as per the Act and claim an appropriate refund, if eligible. No claim shall, however, lie against the Company for such deduction of TDS.

All communications/queries in this respect should be addressed to Link Intime India Private Limited ("LIIPL") at its email address FBLdivtax@linkintime.co.in. Alternatively, you may contact the Company at info@fermentabiotech.com.

Shareholders shall also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at https://incometaxindiaefiling.gov.in.

Further, shareholders who have not registered their email address are requested to register the same with LIIPL. Shareholders are further requested to complete necessary formalities with regard to their Bank accounts attached to their Demat accounts for enabling the Company to make timely credit of dividend in their respective bank account.

Disclaimer: (a) In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the shareholder, the shareholder will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any tax proceedings. (b) This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

8. Documents for inspection:

   (a) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM at https://fermentabiotech.com/annual-report.php

   (b) All documents referred to in the Notice and the statement pursuant to Section 102 of the Act shall also be available electronically for inspection without any fee by members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to info@fermentabiotech.com.

9. In order to improve convenience, ease and safety of transactions and in view of SEBI notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and Regulation 40 of Listing Regulations which mandate that request for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialised form, effective April 01, 2019. Members are, therefore, advised to dematerialise their equity shares currently held in physical form, by contacting their DP(s).

10. Members holding shares in physical form can avail the nomination facility by filing Form SH-13 (in duplicate) prescribed under Section 72 of the Act and Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014 with the Company or with its R&T Agent. In case of shares held in dematerialised form, the nomination may be lodged with the member's Depository Participant. The above form is available at the R&T Agent's website or will be made available on request in writing to the R&T Agent or to the Company.

11. In view of the continuing Covid-19 pandemic and the MCA Circulars, the 69th Annual Report of the Company along with the Notice of the AGM, Remote e-voting procedure is being sent only by e-mail, to all the Members whose e-mail addresses are registered with the Company / Depository Participant(s) / R&T Agent for communication purposes. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with the Company or with the R&T Agent at the earliest.

12. E-voting:

    i. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder read with Regulation 44 of Listing Regulations read with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020, the Company is pleased to provide the facility of remote e-voting/ e-voting, through Link Intime India Private Limited ("LIIPL") to exercise votes on the items of business given in this Notice, to members holding shares as on Thursday, August 26, 2021 (end of day), being the cut-off date ("Cut-Off Date"/ "Record Date") fixed for determining the members who shall be eligible to attend the AGM, to ascertain voting rights of such members entitled to participate in the remote e-voting process or voting at the AGM electronically, and to receive the dividend, if approved, as set out in the AGM Notice. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the Cut-Off Date. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, August 27, 2021 to Friday, September 3, 2021 (both days inclusive) for the purpose of payment of Dividend as may be declared at AGM. Any person who is not a member of the Company as on the Cut-Off Date should treat this Notice for information purposes only.

    ii. The remote e-voting period commences on Tuesday, August 31, 2021 (9.00 a.m. IST) and ends on Thursday, September 2, 2021 (5.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialised form, as on Cut-Off Date may cast their vote through remote e-voting facility. The facility for remote e-voting shall remain open for not less than three days and shall close at 5.00 p.m. on Thursday, September 2, 2021. The remote e-voting module shall be disabled by LIIPL for voting thereafter. Once the vote on a resolution is cast by the member, the same shall not be allowed to change subsequently. A member may participate in the AGM even after exercising his/her right to vote through remote e-voting, however, his/her voting at the AGM shall not be considered.

    iii. In case the members have any queries or issues regarding e-voting, they may refer the Frequently Asked Questions ("FAQs") and InstaVote e-Voting manual available at https://instavote.linkintime.co.in, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

    iv. Mr. V. N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.

    v. The Scrutiniser shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through remote e-voting and the e-voting on the date of the AGM, in the presence of at least two witnesses not in the employment of the Company and make, not later than 2 (two) working days of conclusion of the AGM, a consolidated Scrutiniser's Report of the votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.

    vi. The results declared along with the Scrutiniser's Report shall be placed on the Company's website at https://fermentabiotech.com/stock-exchange-intimation.php and on the website of LIIPL at https://instavote.linkintime.co.in not later than 2 (two) working days of passing of resolutions at the 69th AGM of the Company and communicated to BSE Limited, where the shares of the Company are listed.

    vii. Subject to receipt of requisite number of votes, the resolutions proposed in the Notice of AGM shall be deemed to be passed on the date of the AGM, i.e. Friday, September 3, 2021.

    viii. Members are requested to follow the instructions given below as may be required i.e.:

        (a) Instructions for members for remote e-voting;

        (b) Process and manner for members attending the AGM through VC/OAVM;

        (c) Instructions for members to register themselves to speak during the Annual General Meeting through InstaMeet; and

        (d) Instructions for members to vote during the AGM through InstaMeet

13. Instructions for members for remote e-voting:

    (i) Pursuant to SEBI circular SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 regarding 'e-Voting facility provided by Listed Companies', individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants.

    (ii) Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility. In case the email Id is not registered, such shareholders can vote through InstaMeet.

(iii) Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:

| Type of shareholders | Login Method |
| --- | --- |
| Individual Shareholders holding securities in demat mode with NSDL | • If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. |
| | • After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
| | • If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp |
| | • Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
| Individual Shareholders holding securities in demat mode with CDSL | • Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi |
| | • After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINK INTIME, CDSL. Click on e-Voting service provider name to cast your vote. |
| | • If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration |
| | • Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective E-voting Service Provider ('ESP') where the E Voting is in progress. |
| Individual Shareholders (holding securities in demat mode) & login through their depository participants | • You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. |
| | • Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in Physical mode & evoting service Provider is Link Intime. | 1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in |
| | ➢ Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: - |
| | A. User ID: Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company. |
| | B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. |
| | C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format) |
| | D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company. |
| | Note: Shareholders/ members holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above |
| | ➢ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter). |
| | ➢ Click "confirm" (Your password is now generated). |
| | 2. Click on 'Login' under 'SHAREHOLDER' tab. |
| | 3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'. |
| | 4. After successful login, you will be able to see the notification for e-voting. Select 'View' icon. |
| | 5. E-voting page will appear. |
| | 6. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link). |
| | 7. After selecting the desired option i.e. Favour / Against, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote. |

(iv) **Institutional shareholders:**

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at https://instavote.linkintime.co.in and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution / authority letter /power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutiniser to verify the same.

(v) **Individual members holding securities in physical mode (where e-voting service provider is Link Intime), who have forgotten the password:**

➢ Click on 'Login' under 'SHAREHOLDER' tab and further Click 'forgot password?'

➢ Enter 'User ID', select 'Mode' and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.

➢ In case shareholder/ member is having valid email address, Password will be sent to his / her registered e-mail address.

- ➢ Shareholders/ members can set the password of his/ her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- ➢ The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.

(vi) **Individual members holding securities in demat mode with NSDL/ CDSL have forgotten the password:**

- ➢ Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.
- ➢ It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Notes:

- ➢ For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions mentioned in this Notice.
- ➢ During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

(vii) **Helpdesk for Individual members holding securities in demat mode:**

In case members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 22-23058542-43. |

(viii) **Helpdesk for Individual members holding securities in physical mode/ Institutional shareholders (where e-voting service provider is Link Intime).**

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the Frequently Asked Questions ('FAQs') and InstaVote e-Voting manual available at https://instavote.linkintime.co.in, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 –4918 6000, InstaVote Support Desk, Link Intime India Private Limited.

14. **Process and manner for members attending the AGM through VC/OAVM:**

1. Members are being provided with a facility to attend the AGM through VC/OAVM through Link Intime India Private Limited ("LIIPL") by following the below mentioned process. Members may access the same at https://instameet.linkintime.co.in
2. Facility for joining the AGM through VC/OAVM shall open 30 minutes before the time scheduled for the AGM and will be available to the members on first-come-first-served basis.
3. Participation to the members through VC/OAVM shall be made available to members on first-come-first served basis in accordance with MCA Circulars, and it will be closed on expiry of 30 (Thirty) minutes from the scheduled time of the AGM. Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chairpersons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the AGM without restrictions of first-come-first-served basis.
4. Members will be provided with InstaMeet facility wherein members shall register their details and attend the AGM as under:
   a. Open the internet browser and launch the URL for InstaMeet https://instameet.linkintime.co.in
   b. Select the "Company" and 'Event Date' and register with your following details:
      i. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No.
         - Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID

- Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
- Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company

ii. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. Sequence number shall be sent by email to those members who have registered their email ids with LIIPL. However, any member may obtain sequence number by sending an email to LIIPL at rnt.helpdesk@linkintime.co.in or requesting to the Company at info@fermentabiotech.com, by mentioning his/her Folio No./DP ID and Client ID.

iii. Mobile No.: Enter your mobile number.

iv. Email ID: Enter your email id, as recorded with your DP/Company.

c. Click "Go To Meeting" (By this step you will be registered for InstaMeet and your attendance will be marked for the meeting).

### Special instructions:

a) Please refer the following instructions for the software requirements and kindly ensure to install the same on the device which would be used to attend the AGM. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you below / at InstaMeet website.

b) Guidelines for the registered speakers for speaking at the AGM through Link Intime India Private Limited's InstaMeet <<https://instameet.linkintime.co.in>>

i. For a smooth experience of viewing the AGM proceedings through LIIPL's InstaMEET, shareholders/ members who are registered as speakers (as per steps in note 17 below) for the event are requested to download and install the Webex Meetings application in advance. Please download and install the Webex Meetings application by clicking on the link https://www.webex.com/downloads.html/

OR

ii. If you do not want to download and install the Webex Meetings application, you may join the meeting through InstaMEET and follow the process mentioned as under:

| | |
|---|---|
| Step 1 | Enter your First Name, Last Name and Email ID and click on Join Now |
| 1(A) | If you have already installed the Webex Meetings application on your device, join the meeting by clicking on Join Now |
| 1(B) | If Webex Meetings application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application.<br>Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now by filling your first name, last name and email address. |

c) The following URLs need to be white-listed in your organisation's domain/your own laptop, desktop, tablet, smartphone etc. on the AGM date:

A. https://camonview.com

B. https://instameet.linkintime.co.in

d) Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience. Members are required to use internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

e) Any internet outage or fluctuation in connectivity at your site may have an adverse impact on the audio/ video quality during the meeting. LIIPL or the Company shall not be responsible for the same.

f) Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.

g) In case the members have both the computer and telephone audio active or the speakers on members' computers or telephones are too close to each other or there are multiple computers with active audio in the same conference room, there will be instances of audio echo or feedback in the meeting.

h) In case two or more Members are joining the meeting through a Board Room/Common Location, proper arrangements of audio & video should be in place and Webex will be run on only one system.

i) Members are encouraged to speak in the Meeting after un-muting themselves once their turn arrives as per the script/their name is announced. Once the member has finished communicating, he/she should mute themselves immediately. (Mute your device if you're not speaking. Your microphone can pick up a lot of background noise, so muting allows others to easily hear others)

j) Guidelines to follow while participating in the meeting for a good audio-video experience:

* Use your earphone for better sound quality.
* Ensure no other background applications are running.
* Ensure your Wi-Fi or Broadband is not connected to any other device.
* Have proper lighting in the room and avoid the background sounds.
* Ensure the background is bright.
* Please follow safety protocol while attending the meeting.

k) In case members have any queries regarding login/ remote e-voting/e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175 InstaMeet Support Desk, Link Intime India Private Limited.

15. Instructions for members to register themselves to speak during the Annual General Meeting through InstaMeet:

1. Members who would like to express their views / ask questions during the AGM may register themselves at least three (3) days prior to the date of the AGM i.e. on or before Monday, August 30, 2021 (5.00 p.m. IST), by sending their request mentioning their name, DP ID/folio number, email address, mobile number at info@fermentabiotech.com . Please note that questions of only those members holding shares as on Cut-Off Date will be considered.

2. Members who register themselves as above will get confirmation on first-come-first-served basis.

3. Such members will receive "speaking serial number" once they mark attendance for the AGM. Once allowed to express their views/ ask questions, members shall start the conversation with panelists by switching on video mode and audio of their devices. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

4. Members may ask questions to panelists, via active chat-board during the AGM which may be entertained subject to the time availability.

Note: Members are requested to speak only when moderator of the meeting/ management will announce the name and speaking serial number.

16. Instructions for members to vote during the AGM through InstaMeet:

Once the electronic voting is activated by the Scrutiniser / moderator during the meeting, the members who have not exercised their vote through the remote e-voting can cast the vote as under:

i. On the Members VC page, click on the link for e-Voting "Cast your vote".

ii. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/registered email id) received during registration for InstaMeet and click on 'Submit'.

iii. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

iv. Cast your vote by selecting appropriate option i.e. "Favour/ Against" as desired. Enter the number of shares (which represents no. of votes) as on Cut-Off Date under "Favour/ Against".

v. After selecting the appropriate option i.e. 'Favour/Against' as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.

vi. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Members, who will be present in the AGM through InstaMeet facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the AGM. Members who have voted through

Remote e-Voting prior to the AGM will be eligible to attend/ participate in the AGM through InstaMeet. However, they will not be eligible to vote again during the AGM.

17. In addition to facility of remote e-voting or e-voting provided to the members and for their wider participation, the Company is providing a facility to vote by way of Ballot Form. Members who do not have access to remote e-voting facility may download the Ballot Form available at Company's website at https://fermentabiotech.com/annual-report.php and send duly completed Ballot Form to reach the Scrutiniser, Mr. V. N. Deodhar, Proprietor of V.N. Deodhar & Co., Practising Company Secretaries, at the Registered Office of the Company not later than Thursday, September 2, 2021 (5.00 p.m. IST). Ballot Form received after the said date shall be treated as invalid. A Member may participate in the AGM even after exercising his/her right to vote through Ballot Form. A Member can opt for only one mode of voting i.e. either (a) electronically (either remote e-voting or e-voting at AGM) or (b) by Ballot Form. If a Member casts votes by both i.e. Ballot Form as well as electronically, then voting done electronically shall prevail and Ballot Form shall be treated as invalid. The Scrutiniser shall have the right to scrutinise the Ballot Form and decide its validity. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the Cut-Off Date.

18. The Annual Report 2020-21 including the Notice calling this AGM has been uploaded on the following websites: (i) https://fermentabiotech.com/annual-report.php (ii) www.bseindia.com and (iii) https://instavote.linkintime.co.in

19. The Annual Report 2020-21 including the Notice calling this AGM shall be sent to those members who will be holding shares as on Friday, July 30, 2021 as per the Register of Members and Register of Beneficial Owners of the Company. In case a person becomes a member of the Company after Friday, July 30, 2021, and is a member as on the Cut-Off Date, such person may download the above from https://fermentabiotech.com/annual-report.php or request the Company at info@fermentabiotech.com. For remote e-voting or attending the AGM through InstaMeet, such a member may obtain sequence number/ event number by sending an email to LIIPL at rnt.helpdesk@linkintime.co.in or requesting to the Company at info@fermentabiotech.com, by mentioning his/her Folio No./ DP ID and Client ID.

20. Members seeking any information or clarification on the Annual Report are requested to send written queries to the Company Secretary at the Registered Office of the Company at least one week before the date of the 69th AGM, in order to make the information available at the AGM.

By Order of the Board of Directors of
Fermenta Biotech Limited (formerly known as DIL Limited)

SRIKANT N. SHARMA
Company Secretary & Vice President (Legal)
Membership No: FCS - 3617

June 29, 2021, Thane
Registered Office:
A-1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (W) – 400 610, Maharashtra, India.

# Annexure to Notice

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('Act').

## Item no. 4:

Mr. Krishna Datla was appointed at the Annual General Meeting held on September 28, 2018 as a Managing Director of the Company for a period of three years i.e. from May 9, 2018 to May 8, 2021.

As a part of restructuring the management of the Company *vis a vis* reconstitution of the Board, and in order to inculcate greater professionalisation in the Company to fuel its growth plans, the Nomination and Remuneration Committee and Board of Directors of the Company at their respective meeting(s) held on May 6, 2021, appointed Mr. Krishna Datla, as Whole-time Director of the Company designated as Executive Vice-Chairman ('Whole-time Director') for a period of 3 (three) years from May 9, 2021 to May 8, 2024, subject to the approval of the members of the Company.

The Whole-time Director shall act as a Key Managerial Personnel (KMP) of the Company pursuant to the provisions of Section 203(1), 203(2) read with Section 2(51) of the Act.

The material terms of the agreement dated May 6, 2021 entered into between the Company and Mr. Krishna Datla ('Agreement') are as under:

I Salary: (i) ₹11,90,000 per month ('Salary').

II In addition to the aforesaid Salary, he shall also be entitled to the following perquisites:

a) Furnished accommodation or house rent @ 30% of basic Salary

b) Reimbursement of gas, electricity and water for residence.

c) Medical Reimbursement: Expenses incurred for self and family as per rules of the Company subject to ceiling of Salary.

d) Leave travel concession for self and his family subject to ceiling of one month's Salary

e) Club fees: Fees of clubs, subject to a maximum of 3 (three) clubs.

f) The Company shall provide two cars with drivers and telephone at residence. Provisions of car(s) and telephone(s) at residence for use on Company's business will not be considered as perquisites.

g) Children Education Allowance as per rules of the Company.

h) Personal Accident Insurance Premium as per rules of the Company.

i) Reimbursement of Entertainment and all other expenses actually incurred in the course of legitimate business of the Company.

j) Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors and the Whole-time Director.

III Commission:

Subject to the provisions of Sections 197 and other applicable provisions, if any of the Act, the Whole-time Director shall be paid commission at minimum 3% per annum of the net profits of the Company or such quantum as may be determined by the Board of Directors, from time to time.

IV Loss of office:

Subject to the provisions of Section 202 and other applicable provisions, if any, of the Act, the Whole-time Director shall be paid compensation for loss of office. However, such payment shall not exceed the remuneration which he would have earned if he had been in office for his remaining term, based on the remuneration as mentioned under this Agreement and calculated on the basis as provided in the Act. For the sake of clarity, for this clause, the term remuneration as mentioned above shall not include commission as payable under Section 197 of the Act.

V Whole-time Director shall also be entitled to the following perquisites, which shall not be included in the computation of the remuneration under Schedule V to the Act:

a) Contribution to Provident Fund to the extent not taxable under the Income tax Act, 1961.

b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service in accordance with the terms of Payment of Gratuity Act, 1972.

c) Encashment of leave at the end of the tenure as per rules of the Company.

VI. The total remuneration including perquisites payable to the Whole-time Director shall be in accordance with the provisions of Section 197 read with Schedule V of the Act (as amended from time to time).

VII. Notwithstanding anything contained hereinabove, during the tenure of the Whole-time Director, the members of the Company hereby authorise the Board, without requiring to obtain any further approval of members, to revise, amend, alter, vary remuneration and terms of the appointment of the Whole-time Director:

(a) and pay remuneration in accordance with the sections 196, 197 and other applicable provisions of the Act; or

(b) if the Company has no profits or its profits are inadequate, pay remuneration as per the provisions (and irrespective of the limits) specified in Section II of Part II of Schedule V to the Act, (including statutory modification(s) or enactment(s) thereto, for the time being in force).

A brief profile of Mr. Krishna Datla as required under the Listing Regulations and Secretarial Standards on General Meetings as specified by the Institute of Company Secretaries of India and approved by the Central Government is provided as an Annexure to this notice along with the information required to be provided under Part II, Section II (iv) of Schedule V of the Companies Act, 2013.

The Board members recommend this resolution for approval of the Members as a Special Resolution.

The Agreement dated May 6, 2021 executed between the Company and Mr. Krishna Datla for the said appointment referred to in the proposed resolution shall be made available for inspection of the members as set out under 'Documents for inspection' in the Notes to the Notice.

Except the following, none of the Directors and the Key Managerial Personnel of the Company including their relatives, is concerned or interested in the above appointment:

| Interested Director | Nature of Interest/ concern | Shareholding in Company |
|---|---|---|
| Mr. Krishna Datla | Appointee | 8.22% |
| Ms. Anupama Datla Desai | Relative of Mr. Krishna Datla | 1.38% |
| Ms. Rajeshwari Datla | Relative of Mr. Krishna Datla | 1.73% |

## Item No. 5 & 6

As a part of restructuring the management of the Company *vis a vis* reconstitution of the Board, and in order to inculcate greater professionalisation in the Company to fuel its growth plans, the Board at its meeting held on May 6, 2021, on recommendation of the Nomination and Remuneration Committee ('NRC'), appointed Mr. Prashant Nagre as: (a) an Additional Director on the Board of Directors of the Company w.e.f. May 6, 2021 and to hold the office as such up to the date of the next annual general meeting of the Company; and (b) as a Managing Director of the Company ('Managing Director') for a period of 3 years from May 9, 2021 to May 8, 2024, subject to approval by the members at general meeting.

The Managing Director shall act as a Key Managerial Personnel (KMP) of the Company pursuant to the provisions of sub-sections (1) and (2) of Section 203 read with sub-section (51) of Section 2 of the Act.

The material terms of the agreement dated May 6, 2021 entered into between the Company and Mr. Prashant Nagre ('Agreement') are as under:

I Salary: (i) ₹5,14,617 per month ('Salary').

II In addition to the aforesaid Salary, he shall also be entitled to the following perquisites:

a. Supplementary Allowance per month subject to ceiling of one month basic Salary

b. Monthly Furnished accommodation or house rent @ 50% of basic Salary.

c. Reimbursement of gas, electricity and water for residence.

d. Medical Reimbursement: Expenses incurred for self and family as per rules of the Company subject to ceiling of Salary.

e. Leave travel concession for self and his family subject to ceiling of one month's basic Salary.

f. Club fees: Fees of clubs, subject to a maximum of two clubs.

g. The Company shall provide one car with a driver and telephone at residence. Provisions of car and telephone at residence for use on Company's business will not be considered as perquisites.

h. Children Education Allowance as per rules of the Company.

i. Personal Accident Insurance Premium as per rules of the Company.

j. Reimbursement of Entertainment and all other expenses actually incurred in the course of legitimate business of the Company.

k. Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors and the Executive Director.

III Commission:

Subject to the provisions of Sections 197 and other applicable provisions, if any, of the Act, the Managing Director shall be paid commission at minimum 1.50% per annum of the net profits of the Company or such quantum as may be determined by the Board of Directors, from time to time.

IV Loss of office:

Subject to the provisions of Section 202 and other applicable provisions, if any, of the Act, the Managing Director shall be paid compensation for loss of office. However, such payment shall not exceed the remuneration which he would have earned if he had been in office for his remaining term, based on the remuneration as mentioned under this Agreement and calculated on the basis as provided in the Act. For the sake of clarity, for this clause, the term remuneration as mentioned above shall not include commission as payable under Section 197 of the Act.

V Managing Director shall also be entitled to the following perquisites, which shall not be included in the computation of the remuneration under Schedule V to the Act:

a) Contribution to Provident Fund to the extent not taxable under the Income tax Act, 1961.

b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service in accordance with the terms of Payment of Gratuity Act, 1972.

c) Encashment of leave at the end of the tenure as per rules of the Company.

VI. The total remuneration including perquisites payable to the Managing Director shall be in accordance with the provisions of Section 197 read with Schedule V of the Act (as amended from time to time).

VII. Notwithstanding anything contained hereinabove, during the tenure of the Managing Director, the members of the Company hereby authorise the Board, without requiring to obtain any further approval of members, to revise, amend, alter, vary the remuneration and terms of the appointment of the Managing Director:

(a) and pay remuneration in accordance with the sections 196, 197 and other applicable provisions of the Act; or

(b) if the Company has no profits or its profits are inadequate, pay remuneration as per the provisions (and irrespective of the limits) specified in Section II of Part II of Schedule V to the Act, (including statutory modification(s) or enactment(s) thereto, for the time being in force).

A brief profile of Mr. Prashant Nagre as required under the Listing Regulations and Secretarial Standards on General Meetings as specified by the Institute of Company Secretaries of India and approved by the Central Government is provided as an Annexure to this notice along with the information required to be provided under Part II, Section II (iv) of Schedule V of the Companies Act, 2013.

The Board members recommend these resolutions for approval of the Members as a Special Resolution.

The Agreement dated May 6, 2021 executed between the Company and Mr. Prashant Nagre for the said appointment referred to in the proposed resolution shall be made available for inspection of the members as set out under 'Documents for inspection' in the Notes to the Notice.

Except Mr. Prashant Nagre, none of the Directors and the Key Managerial Personnel of the Company including their relatives, is concerned or interested in the above appointment.

## Item No. 7

Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (as amended from time to time) provides that the remuneration of the Cost Auditor as recommended by the Audit Committee shall be considered and approved by the Board of Directors of the Company and thereafter determined by the members of the Company.

Based on the recommendation of the Audit Committee, the Board of Directors approved the appointment of Joshi Apte & Associates, Cost Accountants [Firm Registration Number– 00240], as Cost Auditors of the Company and recommended their remuneration of ₹2,75,000 (Rupees Two Lakh Seventy Five Thousand only) for the financial year 2021-22 for members' approval.

The Board of Directors recommend this resolution for approval of members of the Company, as an Ordinary Resolution.

None of the Directors and the Key Managerial Personnel of the Company including their relatives is in any way interested or concerned in this resolution.

## Item No. 8

The members are informed that as per the provisions of Section 197 of the Companies Act, 2013 ('Act'), Non- Executive Directors (NEDs) of the Company can be paid remuneration including profit related commission up to 1% of net profits of the Company calculated in accordance with Section 198 of the Act ('net profits'), subject to members' approval by special resolution. However, in case the company has no profits or its profits are inadequate, it may pay remuneration to NEDs in excess of the limits specified in Section II of Part II of Schedule V of the Act, subject to members' approval by special resolution.

In view of:

(a) the contribution made by the NEDs to the Company in their respective areas of competency and expertise and in value adding and advancing the decisions of the Board by aligning with the overall objectives and vision of the Company; and

(b) the recommendation made by the Nomination and Remuneration Committee and the Board of directors, at their respective meetings held on June 29, 2021, to pay profit related commission up to 1% of net profits of the Company calculated in accordance with Section 198 of the Act ('net profits'), members are requested to accord their approval to pay profit related Commission to those NEDs (including Independent Directors) of the Company who were directors of the Company as on March 31, 2021 in such manner and in equal proportion as recommended by the Board of Directors for the financial year 2020-21, within the overall maximum limit of 1% (one percent) of the net profits of the Company calculated in accordance with the provisions of Section 197 read with Sec 198 of the Companies Act, 2013, subject to the provision of Section 197 of the Act.

The Board of Directors recommends this resolution for approval of the Members of the Company as a Special Resolution. Except NEDs in their capacity as directors and to the extent of their shareholding and commission (if approved) payable to them vide this resolution, none of the Directors and the Key Managerial Personnel of the Company including their relatives is concerned or interested in the resolution.

By Order of the Board of Directors of
Fermenta Biotech Limited (formerly known as DIL Limited)

SRIKANT N. SHARMA
Company Secretary & Vice President (Legal)
Membership No: FCS - 3617

June 29, 2021, Thane
Registered Office:
A-1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (W) – 400 610

**Brief profile of directors being appointed/ re-appointed as required under sub-regulation (3) of Regulation 36 of the Listing Regulations and Secretarial Standard.**

| Name of the Director | Mr. Krishna Datla #<br>Whole-time Director | Mr. Prashant Nagre ##<br>Managing Director | Mr. Satish Varma<br>Executive Director |
|---|---|---|---|
| Age | 41 years | 51 years | 51 years |
| Date of first appointment on the Board | January 29, 2005 | May 6, 2021 as Additional Director, and May 9, 2021 as Managing Director | July 01, 2003 |
| Qualifications | Bachelor of Commerce | B. Pharm., Post Graduate Diploma in Foreign Trade, Post Graduate Diploma in International Trade, Masters in Management Science | Computer Science |
| Experience and Area of specialisation | Over 20 years of experience.<br>He plays a key role in the decision-making process and also oversees new businesses of the Company.<br>He is credited with the integration of businesses across the various group companies.<br>He has infused a strong sense of global vision thereby opening the opportunities across International markets. | Over 31 years of experience.<br>He has in-depth experience across spheres encompassing the API business, production, R&D, regulatory compliance. He has headed strategy and day to day operations including business development and budgeting. He formed a core member of the product development team and was also responsible for creating and nurturing large business account relationships. Known for his meticulous planning skills, he added impetus to timely deliveries of products, quality orientation and HR development within the company. | Over 26 years of experience.<br>He has an extensive and diverse operational, management and legal experience across the full scope of the FBL enterprise and was instrumental in the Solvay demerger in 2000 as well as the Crocin brand outlicence in 1996, events that have shaped the current strategic platform of the Company.<br>Took direct operational responsibility of the Vitamin D3 business in 1998 and has led its growth. |
| Number of meetings of the Board of the Company attended during FY 2020-21 | 5 | Nil as director | 5 |
| Directorship held in other companies | • DVK Investments Private Limited<br>• Aegean Properties Limited<br>• G I Biotech Private Limited<br>• Magnolia FNB Private Limited<br>• CC Square Films Limited | Nil | • G I Biotech Private Limited<br>• Aegean Properties Limited<br>• DVK Investments Private Limited<br>• CC Square Films Limited<br>• Fermenta Biotech (UK) Limited<br>• Fermenta USA LLC<br>• Fermenta Biotech USA LLC |
| Chairmanships/ Memberships of Committee* of other Company's Boards (as on March 31, 2021) | Nil | Nil | Nil |
| Terms and conditions of appointment along with remuneration proposed to be paid and Remuneration last drawn | As mentioned in the explanatory statement and details provided in the notes to financial statements | As mentioned in the explanatory statement and details provided in the notes to financial statements | N.A. |
| Shareholding of Director (FV of ₹5/- each) (as on March 31, 2021) | 24,19,074 equity shares | Nil | 23,160 equity shares |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company | Brother of Ms. Anupama Datla Desai and Son of Ms. Rajeshwari Datla | Nil | Nil |

* Audit Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, and Nomination and Remuneration Committee.

# The Board of Directors appointed Mr. Krishna Datla as a Whole-time Director, designated as Executive Vice-Chairman, w.e.f. May 9, 2021, subject to members' approval.

## The Board of Directors appointed Mr. Prashant Nagre (DIN: 09165447) as (a) Additional Director w.e.f. May 6, 2021, and (b) Managing Director w.e.f. May 9, 2021, subject to members' approval.

Information as required to be provided under Part II, Section II (iv) of Schedule V of the Companies Act, 2013 regarding Directors

| | | Mr. Krishna Datla#<br>Whole-time Director | Mr. Prashant Nagre ##<br>Managing Director | Mr. Satish Varma<br>Executive Director |
|---|---|---|---|---|
| I | General Information | - | - | - |
| 1. | Nature of industry | Pharmaceutical | | |
| 2. | Date or expected date of commencement of commercial production | N.A. | | |
| 3. | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | N.A. | | |
| 4. | Financial performance based on given indicators | As provided in the Board's Report | | |
| 5. | Foreign investments or collaborations, if any. | As on the date of the Notice, the Company has a wholly-owned Subsidiary in the United Kingdom, Germany and the United States of America each, and a step down subsidiary in the United States of America. | | |
| II | Information about the appointee: | - | | |
| 1. | Background details | Brief profile of directors is provided in the previous table. | | |
| 2. | Past remuneration | As provided in the Board's report | | |
| 3. | Recognition or awards | During the leadership of the directors, the Company has received the following recognitions/ awards among others:<br>• Only Indian finalists at CPhI Pharma Awards 2020 for two categories:<br>(i) Excellence in API Development;<br>(ii) CEO of the Year<br>• Received Silver Medal from Ecovadis in sustainability management system assessment<br>• Received certification for the second consecutive year as a Great Place to Work® | | |
| 4. | Job profile and his suitability | As provided in the brief profile of the directors set out in the previous table and the explanatory statement to the AGM Notice | | |
| 5. | Remuneration proposed | As provided in the explanatory statement to the Notice. | | |
| 6. | Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) | Considering their expertise and overall experience for last several years in the company's operations and expansions it is difficult to compare such remuneration profile with others. | | |
| 7. | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. | There is no pecuniary relationship directly or indirectly with the company except the remuneration and details mentioned in the related party transactions in the financial statements. Mr. Krishna Datla is son of Rajeshwari Datla (Director) and brother of Ms. Anupama Datla Desai. Details of shares held by the director are provided in Corporate Governance Report. | There is no pecuniary relationship directly or indirectly with the company except the remuneration and details mentioned in the related party transactions in the financial statements. Details of shares held by the director are provided in Corporate Governance Report. | There is no pecuniary relationship directly or indirectly with the company except the remuneration and details mentioned in the related party transactions in the financial statements. Details of shares held by the director are provided in Corporate Governance Report. |
| III | Other information | As below | | |
| 1. | Reasons of loss or inadequate profits | The Company has been recording increase in its revenue and profits in recent years. However, the manner of calculation of eligible profits for managerial remuneration as specified in Section 198 of the Companies Act, 2013 may result in payment of remuneration in excess of the limits specified in Section 197 of the Act. | | |

| | | Mr. Krishna Datla#<br>Whole-time Director | Mr. Prashant Nagre ##<br>Managing Director | Mr. Satish Varma<br>Executive Director |
|---|---|---|---|---|
| 2. | Steps taken or proposed to be taken for improvement | The Company has *inter alia* adopted the following measures to further improve the profitability:<br>• strengthening its purchase, production, and sales and marketing functions<br>• established subsidiaries in the Europe and the USA in order to boost its sales and business across the globe<br>• Technology upgradation by way of investing in state-of-the-art machinery to meet stringent quality requirements of customers<br>• Cost control in all areas and focus on significant improvements in operating costs. | | |
| 3. | Expected increase in productivity and profits in measurable terms | Barring unforeseen circumstances, the revenue earnings vis-à-vis profitability of the Company is expected to increase in the coming years. | | |

# The Board of Directors appointed Mr. Krishna Datla as a Whole-time Director, designated as Executive Vice-Chairman, w.e.f. May 9, 2021, subject to members' approval.

## The Board of Directors appointed Mr. Prashant Nagre (DIN: 09165447) as (a) Additional Director w.e.f. May 6, 2021, and (b) Managing Director w.e.f. May 9, 2021, subject to members' approval.

# Notes

# Notes

# Corporate information

## BOARD OF DIRECTORS

Mr. Sanjay Buch
*Chairman and Non-Executive Independent Director*

Ms. Rajeshwari Datla
*Non-Executive Director*

Dr. Gopakumar Nair
*Non-Executive Independent Director*

Mr. Vinayak Hajare
*Non-Executive Independent Director*

Ms. Rajashri Ojha
*Non-Executive Independent Director*

Mr. Krishna Datla
*Executive Vice-Chairman*
*(Whole-time Director)*
Appointed w.e.f. May 09, 2021

Mr. Satish Varma
*Executive Director*

Ms. Anupama Datla Desai
*Executive Director*

Mr. Prashant Nagre
*Managing Director*
Appointed w.e.f. May 09, 2021

## CHIEF EXECUTIVE OFFICER

Mr. Prashant Nagre
(up to May 08, 2021)

## COMPANY SECRETARY

Mr. Srikant N. Sharma

## CHIEF FINANCIAL OFFICER

Mr. Sumesh Gandhi

## SOLICITORS

Crawford Bayley & Co.
Mundkur Law Partners

## AUDITORS

Deloitte Haskins & Sells LLP
*Chartered Accountants*

## TAX AUDITORS

SCA & Associates
*Chartered Accountants*

## INTERNAL AUDITORS

M. M. Nissim & Co. LLP
*Chartered Accountants*

## COST AUDITORS

D.C. Dave & Co.
*Cost Accountants*

## BANKERS

Standard Chartered Bank
Bank of Baroda
Union Bank of India
IndusInd Bank
Yes Bank Limited
HDFC Bank Limited
State Bank of India

## CORPORATE IDENTIFICATION NUMBER (CIN)

L99999MH1951PLC008485

## INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN):

INE225B01021

## REGISTERED OFFICE

A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) - 400610, Maharashtra, India.

Tel No: + 91 22 66230800
Fax No: + 91 22 67980899
Email: info@fermentabiotech.com

## WORKS

Village Takoli, P. O. Nagwain,
Dist. Mandi - 175121,
Himachal Pradesh, India.

Z – 109 B & C, SEZ II, Dahej, Taluka - Vagara,
Dist: Bharuch - 392130, Gujarat, India.

## RESEARCH & DEVELOPMENT UNIT

(Biotech and API Lab)
Plot No B 41, Road No. 27,
Wagle Industrial Area,
Thane, West - 400604,
Maharashtra, India

## WEBSITES

www.fermentabiotech.com
www.thaneone.com
www.vitamindguru.com

## REGISTRAR AND TRANSFER AGENTS

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Fermenta Biotech Limited