

Atul Bioscience Ltd
Annual Report 2018-19

The logo of Atul Bioscience Ltd signifies our commitment to make available high quality life science chemicals - its double helix wherein two strands wind around each other like a twisted ladder reflects our aspiration to grow based on research and technology and serve customers across the world. The colours signal our core - a company based out of India working with Values.

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Innovation is created as a result of constructive conflict.

~ Jeff DeGraff

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Forward looking statements

In this Annual Report, we have shared information and made forward looking statements to enable investors to know our product portfolio, business logic and direction and thereby comprehend our prospects. Such statements that we make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'believe', 'estimate', 'intend', 'plan', 'project' or words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised although we believe we have been prudent in our assumption. The actual results may be affected because of uncertainties, risks and even inaccurate assumptions. If uncertainties or known or unknown risks materialise or if underlying assumptions prove inaccurate, actual results may vary materially from those anticipated, believed, estimated, intended, planned or projected. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.



Atul Bioscience Ltd (ABL) is engaged in the manufacturing and marketing of Active Pharma Ingredient (API) intermediates and serves customers belonging to the Pharmaceutical industry.

ABL is a wholly owned subsidiary company of Atul Ltd, a member of Lalbhai Group, one of the oldest business houses in India.

The Company manufactures API intermediates for different therapeutic areas, particularly, anti-asthmatic, anti-depressant, anti-diabetic, anti-infective, anti-inflammatory, anti-neoplastic, anti-retroviral and cardiovascular.

It is consistently adding to its manufacturing capacities to fulfil the growing demand of its customers.

Galvanised by Purpose

We are committed to significantly enhancing value for our stakeholders by:

- fostering a spirit of continuous learning and innovation
- adopting developments in science and technology
- providing high quality product and services, thus becoming the most preferred partner
- having people who practice Values and exemplify a high standard of behaviour
- seeking sustained, dynamic growth and securing long-term success
- taking responsible care of the surrounding environment
- improving the quality of life of the communities we operate in

Governed by Values

In an environment where change is a way of life, continuity of Values provides stability and is fundamental to us. We have therefore formalised key Values and are committed to institutionalising them. We will seek to create an environment wherein these Values are consistently practised and nurtured and ensure that they are not compromised.



Integrity

Working with honesty, following the highest standards of professionalism. Integrity is when our decisions and actions remain consistent with our thoughts and words, written or spoken.

Understanding

How well we work with others depends on our ways to connect and this in turn is based on our level of Understanding of human relationships. This certainly does not mean that we accept poor performance, but that we do it the right way. Understanding is the external manifestation of internal realisation.



Unity

Working together and taking advantage of synergy while harnessing unique abilities of each of us to achieve a larger goal. Unity is the realisation that though we may work in different areas, we are finally interconnected and that interdependence is a higher order of living than independence. Though we may be many, we share a common purpose.

Responsibility

Delivering value and taking ownership of actions. Responsibility must also give us the realisation that what is good for the business must be in the overall good. In essence, we must work with a spirit of trusteeship for the Shareholders and other Stakeholders. What comes to us must be returned many times over.



Excellence

A drive that is more from inside than outside; it is about us seeking to continuously improve and develop an eye for innovation even in day to day work. Excellence is about excelling in everything we do and not giving up. Excellence is also a journey, not simply a destination in itself.

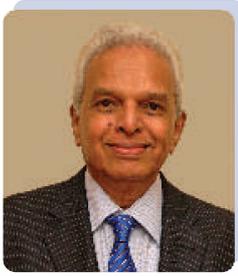
Board of Directors



Mr Sunil Lalbhai



Dr Prabhakar Chebiyyam



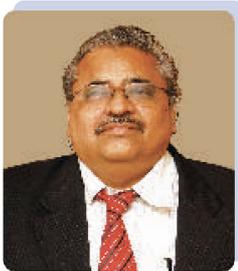
Dr Ajit Dangi



Mr Rangaswamy Iyer



Mr Pramod Lele



Mr Gopi Kanan Thirukonda



Mr Sharat Tripathi



Ms Astha Lalbhai

Directors' Report

Dear Members,

The Board of Directors (Board) presents the Annual Report of Atul Bioscience Ltd together with the audited Ind AS Financial Statements for the year ended March 31, 2019.

01. Financial results

(₹ Lakhs)

	2018-19	2017-18
Sales	10431	7645
Revenue from operations	10510	7698
Other income	7	18
Total revenue	10517	7716
Profit before tax	1268	1370
Provision for tax	462	441
Profit for the year	806	9 29
Balance brought forward	1104	1025
Transfer from Comprehensive Income	(1)	(2)
Disposable surplus	1909	1952
Less:		
Proposed Dividend on Equity shares	-	705
Dividend distribution tax (net)	-	143
Balance carried forward	1909	1104

02. Performance

Sales increased by 36 % from ₹ 7645 lakhs to ₹ 10431 lakhs. Sales in India increased by 38 % from ₹ 7267 lakhs to ₹ 10118 lakhs. Sales outside India decreased by 17 % from ₹ 378 lakhs to ₹ 313 lakhs. PBT decreased by 7.5 % from ₹ 1370 lakhs to ₹ 1268 lakhs. The earnings per share decreased from ₹ 8.57 to ₹ 6.77. While the operating profit before working capital changes increased by 6.10 % from ₹ 1802 lakhs to ₹ 1913 lakhs, the net cash flow from operating activities decreased by 45% from ₹ 1237 lakhs to ₹ 689 lakhs.

The borrowing of the Company increased (including current maturities of long term borrowings) by 26 % from ₹ 1284 lakhs to ₹ 1612 lakhs.

During the financial year 2018-19, the Company acquired manufacturing facility of Polydrug Laboratories Pvt Ltd located at Plot No. 37, Addl. Ambarnath Industrial Area, Anand Nagar, MIDC, Ambarnath (East) 421 506, Maharashtra for producing Active Pharmaceutical Ingredients (API), Fine Chemicals and intermediates.

03. Dividend

The Board recommends payment of dividend of ₹ 0.50 per share on 1,53,85,505 equity shares of ₹ 10 each fully paid up. The dividend will entail an outflow of ₹ 93 lakhs {including dividend distribution tax (net) on the paid-up equity share capital of ₹ 1538 lakhs

The Board recommends payment of dividend on 8% Redeemable Optionally Convertible Cumulative Preference shares of ₹ 100 each fully paid up. The dividend will entail an outflow of ₹ 12 lakhs for 10,00,000 8% Redeemable Optionally Convertible Cumulative Preference shares of ₹ 100 each for

55 days and ₹ 5 lakhs for 10,00,000 8% Redeemable Optionally Convertible Cumulative Preference shares of ₹ 100 each for 21 days and dividend distribution tax of ₹ 3 lakhs totaling to ₹ 20 lakhs.

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

Information required under Section 134 (3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended from time to time, forms part of this Report which is given at page number ___.

05. Insurance

The Company has taken adequate insurance to cover the risks to its employees, property (land and building), plant, equipment, other assets and third parties.

06. Risk Management

The Company has developed and implemented a comprehensive Risk Management System to ensure that risks to the continued existence of the Company as a going concern and to its growth are identified and remedied on a timely basis. The Board periodically reviews the Risk Management framework.

07. Internal Financial Controls

The Company ensured adequate internal financial controls commensurate with the size of its operations.

08. Fixed deposits

During 2018-19, the Company did not accept any fixed deposits.

09. Loans, guarantees, investments and security

Particulars of loans, guarantees, investments and security provided during 2018-19, given at page number ___.

10. Subsidiary, associate and joint venture company

The Company does not have any subsidiary, associate or joint venture company.

11. Related Party Transactions

All the transactions entered into with the Related Parties were in ordinary course of business and on arm's length basis. Details of such transactions are given at page number ___. No transactions were entered into by the Company which required disclosure in Form AOC-2.

12. Corporate Social Responsibility

Composition of the Corporate Social Responsibility (CSR) Committee, the CSR Policy and the CSR Report are given at page number ___.

13. Extract of the Annual Return

This is given at page number ___.

14. Auditors

Statutory Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants were appointed as the Statutory Auditors of the Company at the 20th Annual General Meeting (AGM) held on June 07, 2017 until the conclusion of the 25th AGM.

The relevant Notes forming part of the accounts are self-explanatory and give full information and explanation in respect of the observations made by the Auditors in their report.

Cost Auditors

The Shareholders ratified the appointment of R Nanabhoy & Co as the Cost Auditors for 2018-19 on June 06, 2018.

15. Directors' responsibility statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that, to the best of their knowledge and belief:

- 15.1 The applicable Accounting Standards were followed along with proper explanations relating to material departures in the preparation of the annual accounts.
- 15.2 The Accounting Policies were selected and applied consistently and judgements and estimates were made that were 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.
- 15.3 Proper and sufficient care was taken 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.
- 15.4 The attached annual accounts for the year ended March 31, 2019 were prepared on a going concern basis.
- 15.5 Adequate Internal Financial Controls to be followed by the Company were laid down; and same were adequate and operating effectively.
- 15.6 Proper systems were devised to ensure compliance with the provisions of all applicable laws and the same were adequate and operating effectively.

16. Directors

16.1 Appointments | Reappointments | Cessations

- 16.1.1 Ms A S Lalbhai was appointed as a Non-executive Director of the Company effective October 12, 2018.
- 16.1.2 According to Article 153 of the Articles of Association of the Company, Mr T R Gopi Kannan retires by rotation and being eligible offers himself for reappointment at the forthcoming AGM scheduled on July 23, 2019.

16.2 Policies on appointment and remuneration

16.2.1 Appointment

While recommending appointment of the Directors, the Nomination and Remuneration Committee considers the following factors:

- i) Qualification: well-educated and experienced in senior leadership positions in industry | profession
- ii) Traits: positive attributes and qualities
- iii) Independence: criteria prescribed in Section 149(6) of the Companies Act, 2013 for the Independent Directors, including no pecuniary interest and conflict of interest

16.2.2 Remuneration of the Non-executive Directors

- i) Sitting fees: up to ₹ 20,000 for attending a Board, Committee and any other meeting
- ii) Commission: up to 1% of net profit as may be decided by the Board based on the following factors:
 - a) Membership of Committee(s)
 - b) Profit
 - c) Attendance
 - d) Category (Independent or Non-independent)

16.2.3 Remuneration of Managing Director

This is given under para number ___ of Annexure to Directors' Report.

17. Key Managerial Personnel and other employees

17.1 Appointments and cessations of Key Managerial Personnel

Mr R Kumar was appointed as a Company Secretary of the Company effective July 12, 2018 in place of Mr A R Jain who had resigned effective April 30, 2018.

17.2 Remuneration

The Remuneration Policy of the Key Managerial Personnel and other employees consists of the following:

17.2.1 Components:

- i) Fixed pay
 - a) Basic salary
 - b) Allowances
 - c) Perquisites
 - d) Retirals
- ii) Variable pay

17.2.2 Factors for determining and changing fixed pay:

- i) Existing compensation
- ii) Education
- iii) Experience
- iv) Salary bands
- v) Performance
- vi) Market benchmark

17.2.3 Factors for determining and changing variable pay:

- i) Business performance
- ii) Individual performance
- iii) Grade

18. Analysis of remuneration

There is no employee who falls within the criteria provided in Sections 134(3)(q) and 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Thus the disclosure of the information in respect thereof is not applicable.

19. Management Discussion and Analysis

The Management Discussion and Analysis Report covering performance of the Company is given at page number ___.

20. Corporate Governance Report

20.1 Statement of declaration given by the Independent Directors.

The Independent Directors have given declarations under Section 149(6) of the Companies Act, 2013.

20.2 Report

The Corporate Governance Report is given at page number ___. Details about the number of meetings of the Board held during 2018-19 are given at page number ___. The composition of the Audit Committee is given at page number___.

All the recommendations given by the Audit Committee were accepted by the Board.

23.3 Secretarial standards as applicable to the Company were followed and complied with during 2018-19.

21. Acknowledgements

The Board expresses its sincere thanks to all the employees, customers, suppliers, investors, lenders, regulatory and Government authorities for their support.

For and on behalf of the Board of Directors

Mumbai
April 17, 2019

(S S Lalbhai)
Chairman

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Annexure to the Directors' Report

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

1.1 Conservation of energy

1.1.1 Measures taken:

- i) Optimum level of temperatures and uses of blowers for all routine reactions
- ii) Optimum running of chilled water pump during reactions

1.1.1 Additional investments and proposals, if any, being implemented
Nil

1.2 Technology absorption

1.2.1 Research and Development

- i) Specific areas in which Research and Development (R & D) was carried out by the Company:

The Company focused its R & D efforts on process improvement of its existing products, recovery of products from pollutants and process development of new products. The R & D department also helped in troubleshooting in manufacturing departments.

- ii) Benefits derived from R&D:

The Company was able to increase yield, decrease consumption of raw materials and solvents, recover products from pollutants and introduce new products.

- iii) Future plan:

The Company plans to invest further in people and equipment so as to strengthen its R&D initiatives and thereby enhance its capability to sustain future growth.

- iv) R&D expenditure: Nil

1.2.2 Technology absorption, adaptation and innovation

- i) Efforts in brief, made towards technology absorption, adaptation and innovation:

The Company upgraded many of its processes and operations by imbibing new technology using more efficient equipment and introducing automation.

- ii) Benefits derived as a result of the above efforts, for example, product improvement, cost reduction, product development and import substitution:

The above efforts have resulted in improvement in quality, increase in yields, increase in throughput and decrease in manpower.

- iii) Technology, if any, imported during the last 3 years reckoned from the beginning of the financial year:

The Company did not import any technology.

1.3 Foreign exchange earnings and outgo

1.3.1 Export sales: activities, development initiatives and future plan

The Company has started exploring the export market and sold its products in 3 countries. Sales outside India* decreased by 17 % from ₹ 378 lakhs to ₹ 313 Lakhs mainly due to lower volumes as

compared to the previous year. The Company is taking further steps to strengthen its international marketing network.

*Free on Board (FOB) value

1.3.2 Total Foreign exchange earnings and outgo

Particulars	(₹ Lakh)	
	2018-19	2017-18
Earnings		
Exports – FOB value	313.00	378.00
Outgo		
Payment for raw materials and capital goods	1,288.41	922.58
Payment for commission and others	0.63	2.38

2. Corporate Social Responsibility

2.1 Policy, programs and scope

2.1.1 Policy

The Company will help enhance the quality of life of people belonging to the marginalised sections of the society and volunteer its resources to the extent it can reasonably afford to Atul Foundation Trust (AFT) and (or) other entities under its umbrella. The Foundation will particularly undertake projects in and around the locations where the Company operates.

2.1.2 Programs and scope

AFT will take up projects and | or carry out activities under 3 broad programs: i) Education and Empowerment, ii) Health and Relief and iii) Conservation and Infrastructure with varied scope of work.

- i) Education and Empowerment
 - a) Encourage sports
 - b) Establish and | or support schools
 - c) Establish and | or support colleges
 - d) Establish and | or support vocational institutes
 - e) Promote integrated development of tribal areas
- ii) Health and Relief
 - a) Assist during natural calamities
 - b) Enhance rural hygiene and sanitation
 - c) Establish mobile medical care facilities
 - d) Establish medi-care centres
 - e) Organise medical camps
- iii) Conservation and Infrastructure
 - a) Develop and | or maintain rural utilities
 - b) Develop and | or maintain rural amenities
 - c) Protect environment
 - d) Restore sites of historical importance
 - e) Others

Please refer to the following web-link for details of policy, programs and projects:
<http://www.atulbio.co.in/sustainability.html>

2.2 Committee

- » P H Lele (Chairman)
- » T R Gopi Kannan
- » S R Tripathi

2.3 Expenditure: determination and actual spent

	(₹ Lakhs) Amount
Particulars	
Average net profit of the Company for the last three financial years	1124.9
Prescribed CSR expenditure, at 2% of above	22.50
Total amount spent for the financial year	22.50
Amount unspent by the Company	Nil

2.4 Manner in which spent

(₹ Lakhs)							
No.	Program (A)	Project Activity (B)	Location Village, District (State) (C)	Outlay for the year		Cumulative expenditure up to reporting period (F)	Implementing agency (G)
				Budget (D)	Spent (E)		
01.	Health	Improvement of hygiene through construction of household toilets	4 Villages Valsad (Gujarat) ¹	22.50	22.50		ARDF*
Total direct expenditure				22.50	22.50		

¹ Four villages are Atak Pardi, Kachval, Magod Dungri, Segavi

*ARDF – Atul Rural development Fund Trust

2.5 Implementing agency

- 2.5.1 Atul Rural development Fund Trust (Atul, Gujarat):
Established in 1978, ARDF implements projects for the upliftment of marginalised sections of society.

2.6 Confirmation of compliance

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

Managing Director	Chairman CSR Committee
P Chebiyyam	P H Lele

3. Extract of the Annual Return

Form number MGT – 9

Extract of the Annual Return as on March 31, 2019

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

3.1 Registration and other details

- » CIN: U24230GJ1997PLC032369
- » Registration date: May 21, 1997
- » Name of the company: Atul Bioscience Ltd
- » Category | Sub-category of the company: Company limited by shares
- » Address of the registered office and contact details: D -1, River Side colony 2, Atul 396 020, Gujarat, India, Telephone: (+91 2632) 230000
- » Whether listed company: No
- » Name, address and contact details of Registrar and Transfer Agent: Link Intime India Pvt Ltd, C-101, 247 Park, L B S Marg, Mumbai – 400 083, Maharashtra, Phone: 022 – 49186000.

3.2 Principal business activities of the Company

No.	Name and description of main products services	National Industrial Classification code of the product service	% to total revenue of the Company*
01.	Pharmaceuticals Intermediates	3041	100%

* Business activities contributing 10% or more of the total revenue of the Company

3.3 Particulars of the holding, the subsidiary and the associate companies

No.	Name and address of the Company	Corporate Identification Number	Holding Subsidiary Associate	% of shares held	Applicable section
1	Atul Limited Atul 396 020, Gujarat	L99999GJ1975PLC002859	Holding	100	2(46)

3.4 Shareholding pattern (Equity share capital break-up as percentage of total Equity)

3.4.1 Category-wise shareholding

Category code	Category of Shareholders	Number of shares held at the beginning of the year (as at April 01, 2018)			Number of shares held at the end of the year (as at March 31, 2019)			% change during the year	
		Physical	Demat	Total	% of total shares	Physical	Demat		Total
A.	Shareholding of the promoter and the promoter group								
01.	Indian								
a)	Individuals Hindu Undivided Family	-	-	-	-	-	-	-	-
b)	Central Government State	-	-	-	-	-	-	-	-
c)	Bodies corporate	1,08,40,050	-	1,08,40,050	100	36	1,53,85,469	100	41.93
d)	Financial institutions Banks	-	-	-	-	-	-	-	-
e)	Any other	-	-	-	-	-	-	-	-
	Sub total (A)(1)	1,08,40,050	-	1,08,40,050	100	36	1,53,85,469	100	41.93
02.	Foreign								
a)	Individuals (Non-resident)	-	-	-	-	-	-	-	-
b)	Bodies corporate	-	-	-	-	-	-	-	-
c)	Institutions	-	-	-	-	-	-	-	-
d)	Any other	-	-	-	-	-	-	-	-
	Sub total (A)(2)	-	-	-	-	-	-	-	-
	Total shareholding of the promoter and the promoter group (A)=(A)(1)+(A)(2)	1,08,40,050	-	1,08,40,050	100	36	1,53,85,469	100	41.93
B.	Public shareholding								
01.	Institutions								
a)	Mutual funds	-	-	-	-	-	-	-	-
b)	Financial institutions Banks	-	-	-	-	-	-	-	-
c)	Central Government State	-	-	-	-	-	-	-	-
d)	Venture capital funds	-	-	-	-	-	-	-	-
e)	Insurance companies	-	-	-	-	-	-	-	-
f)	Foreign institutional investors	-	-	-	-	-	-	-	-
g)	Foreign venture capital investors	-	-	-	-	-	-	-	-
h)	Trusts	-	-	-	-	-	-	-	-
	Sub total (B)(1)	-	-	-	-	-	-	-	-
02.	Non-institutions								

3.4.2 Shareholding of the promoters

No.	Name of the Shareholder	Shareholding as at April 01, 2018			Shareholding as at March 31, 2019			% change in shareholding during the year
		Number of shares held	% of total shares of the Company	% of shares pledged encumbered to total number of shares	Number of shares held	% of total shares of the Company	% of shares pledged encumbered to total number of shares	
01.	Atul Ltd	1,08,40,050	100	–	1,53,85,505	100	–	41.93
Total		1,08,40,050	100	–	1,53,85,505	100	–	41.93

3.4.3 Change in the promoters' shareholding

No.	Particulars	Reason for change	Shareholding as at April 01, 2018		Cumulative shareholding during 2018-19	
			Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
A.	Companies					
	At the beginning of the year		1,08,40,050	100.00	1,08,40,0500	70.46
	Increase Decrease during the year	Preferential issue	–	–	45,45,455	29.54
	At the end of the year		1,08,40,050	100.00	1,53,85,505	100.00

3.4.4 Shareholding pattern of top 10 Shareholders (other than the Directors, the promoters and the holders of American Depository Receipts and Global Depository Receipts)

No.	Particulars	Reason for change	Shareholding as at April 01, 2018		Cumulative shareholding during 2018-19	
			Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
01.	Companies					
	At the beginning of the year		–	–	–	–
	Increase Decrease during the year		–	–	–	–
	At the end of the year		–	–	–	–

3.4.5 Shareholding of the Directors and the Key Managerial Personnel

No.	Particulars	Reason for change	Shareholding as at April 01, 2018		Cumulative shareholding during 2018-19	
			Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
01.	At the beginning of the year		–	–	–	–
	Increase Decrease during the year		–	–	–	–
	At the end of the year		–	–	–	–

3.5 Indebtedness

(₹ lakhs)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	133.18	1,150.00	–	1,283.18
ii) Interest due, but not paid	–	–	–	–
iii) Interest accrued, but not due	–	1.49	–	1.49
Total i) + ii) + iii)	133.18	1,151.49	–	1,284.67
Change in indebtedness during the financial year				
Addition	200.00	1,938.79	–	2,138.79
Reduction	(100.63)	(1,723.57)	–	(1,824.20)
Net change	99.37	215.22	–	314.59
Indebtedness at the end of the financial year	232.55	1,366.71	–	1,599.26
i) Principal amount	232.55	1,366.71	–	1,599.26
ii) Interest due, but not paid	–	–	–	–
iii) Interest accrued, but not due	0.05	13.49	–	13.54
Total i) + ii) + iii)	232.60	1,380.20	–	1,612.80

3.6 Remuneration of the Directors and the Key Managerial Personnel

3.6.1 Remuneration to the Managing Director, the Whole-time Directors and | or the Manager

(₹ lakhs)

No.	Particulars	P Chebiyyam	Total amount
01.	Gross salary		
	Salary as per provisions under Section 17(1) of the Income Tax Act, 1961	38.85	38.85
	Value of perquisites under Section 17(2) of the Income Tax Act, 1961	–	–
	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–
02.	Stock option	–	–
03.	Sweat Equity	–	–
04.	Commission	–	–
05.	Variable pay	–	–
06.	Others	–	–
07.	Total (A)	38.85	38.85
08.	Overall ceiling as per the Act		61.90

3.6.2 Remuneration to the other Directors

(₹ lakhs)					
No.	Particulars	P H Lele	R R Iyer	A V Dangi	Total amount
01.	Non-executive Independent Directors				
a)	Fee for attending the Board, Committee and other meetings	1.90	1.80	1.35	5.05
b)	Commission	2.28	2.28	2.28	6.84
	Total 1				
02.	Non-executive Non-independent Directors				
a)	Fee for attending the Board, Committee and other meetings	-	-	-	
b)	Commission	-	-	-	
	Total 2	-	-	-	
	Total (B) = (1+2)	4.18	4.08	3.63	11.89
	Total managerial Remuneration (A+B)				50.74
	Overall ceiling as per the Act				74.28

3.6.3 Remuneration to the Key Managerial Personnel other than the Managing Director | the Manager | the Whole-time Director

(₹ Lakhs)					
No	Particulars	Key Managerial Personnel			Total amount
		CS Ajay Jain ¹	CS Rajeev Kumar ²	CFO Pranav C Pophali ³	
01.	Gross salary				
	Salary as per provisions under Section 17(1) of the Income Tax Act, 1961	1.11	5.14	13.32	19.57
	Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	-	-
	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961		-	-	-
02.	Stock option		-	-	-
03.	Sweat Equity		-	-	-
04.	Commission		-	-	-
05.	Others		-	-	-
	Total	1.11	5.14	13.32	19.57

1 upto April 30, 2018.

2 from July 12, 2018

3 48% of the remuneration paid by Atul Ltd

3.7 Penalties | Punishment | Compounding of offences

There were no penalties | punishment | compounding of offences for the year ending March 31, 2019.



The business of Atul Bioscience Ltd (ABL) mainly comprises manufacturing and marketing of API intermediates. During the year, the Company acquired an API manufacturing facility located at Ambernath, Maharashtra from Polydrug Laboratories Private Ltd. The products manufactured at Atul and Ambernath are used by customers belonging to the Pharmaceutical industry, under 6 broad therapeutic categories, namely, cardiovascular, anti-depressant, anti-diabetic, anti-fungal, anti-infective and anti-retroviral. The portfolio of the Company comprises 20 products, 5 of which are relatively new.

During 2018-19, the Company has focused on the production of advanced API intermediates, sales of which increased by 36% from 7645 lakhs to 10431 lakhs, primarily because of volume.

The size of the world Pharmaceutical industry is estimated at US\$ 1.75 tn, of which the conventional

pharmaceutical segment is estimated to be US\$ 1.3 tn. The size of the world API industry is estimated to be US\$ 160 bn. Following are a few estimates:

- Biologics to contribute about 52% of the top 100 product sales by 2022
- Oncology remains the largest therapy area in sales (+12.7% CAGR)
- Worldwide Pharmaceutical R&D spend is expected to grow (by 2.4% CAGR) to about US\$ 181 bn in 2022, with over US\$ 4bn R&D spend per NME over the last 10 years

The top 20 companies share 55% of the world market of prescription drugs and the top 20 generic companies dominate the generic drug space with a share of about 83%. 5 of these top 20 generic companies are Indian.

The main user industry, namely, Pharmaceutical, is growing well due to the increasing incidence of lifestyle

Management Discussion and Analysis

and age related diseases, increasing prevalence of cancer across the world, technological advancements in API manufacturing, emerging markets for biosimilars and increasing scope for highly potent active ingredients. On the other hand, stringent regulatory requirements and global economic recession may restrict market growth. The Company will participate in this growth by i) widening its market reach ii) increasing its manufacturing efficiencies iii) generating and adding capacities iv) introducing new products v) forming long-term strategic alliances with other companies

The prices of some products may come down in a short time. Fluctuations in foreign exchange may also impact input prices and sales realisations.

Internal Control Systems

Internal control systems of the Company are commensurate with the nature of its business and size and complexity of its operations. These are routinely tested, certified and upgraded wherever required by Statutory as well as Internal Auditors covering all key areas of business. Significant audit observations and follow up actions and recommendations thereon are reported to the higher Management and Audit Committee for their review.

The Company is working with reputed firms specialising in Internal Audit function. The efforts are

helping to introduce best practices required to manage its growing business.

Human Resources

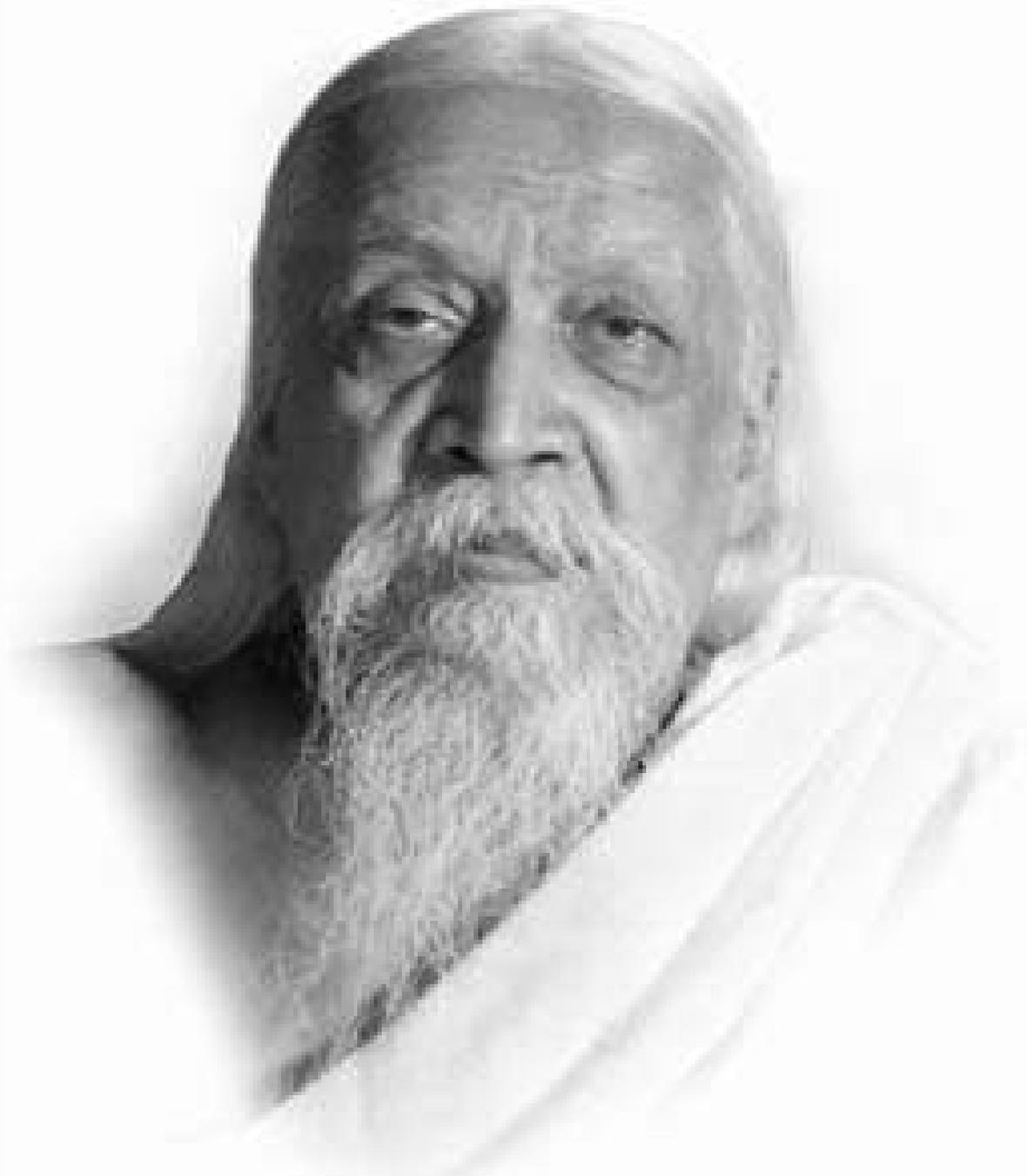
The Company firmly believes its people are the most important assets. People processes are continually assessed and refined so as to keep the HR function dynamically aligned to the business needs and the changing environment. During 2018-19, succession planning was institutionalised and the performance management process was further refined to foster a performance oriented culture. At ABL, people development is a pre-requisite for succession planning and hence, precedes it. Talent development activities were integrated and development needs addressed through diverse techniques like developmental dialogues, assignments, functional and cross functional projects, in-house capability building workshops, Management Development Programmes in premier institutes, mentoring and job rotations.

Employee Relations remained cordial and progressive, and the endeavour is to drive greater employee engagement and enhanced focus on progressive employee relation initiatives. We wish to completely eliminate the divide that sometimes separates managers and workmen and use the strengths of everyone to enhance the performance of the Company.





Wisdom is knowing the right path to take.
Integrity is taking it.
~ Sri Aurobindo



Corporate Governance Report

1. Philosophy

Transparency and accountability are the 2 basic tenets of Corporate Governance. Atul Bioscience Limited is proud to belong to a Group whose Founder lived his life with eternal values and built the business enterprises on the foundation of good governance.

The Company is committed to conducting business the right way which means taking decisions and acting in a way that is ethical and in compliance with the applicable legal requirements. It endeavours to continuously improve its Corporate Governance performance with a view to earn trust and respect of all its Stakeholders.

The Board of Directors (Board) is responsible for and is committed to good Corporate Governance and plays a critical role in overseeing how the Management serves the short and long-term interests of the Shareholders and other Stakeholders.

2. Board

2.1 Board business

The normal business of the Board comprises:

2.1.1 Approving:

- i) appointment of Cost Auditors
- ii) capital expenditure and operating budgets
- iii) commission payable to the Directors within the limit set by the Shareholders
- iv) contracts in which the Director(s) are deemed to be interested
- v) cost audit reports
- vi) creation of charge on assets in favour of lenders
- vii) declaration of interim dividend
- viii) joint ventures, collaborations, mergers and acquisitions
- ix) loans and investments
- x) matters requiring statutory | Board consent
- xi) sale of investments and assets
- xii) short, medium and long term borrowings
- xiii) unaudited quarterly financial results and audited annual accounts, including Segments revenue, results and capital employed

2.1.2 Monitoring:

- i) potential conflicts of interest of the Management, the Board Members and the Shareholders, including misuse of corporate assets and abuse in Related Party Transactions
- ii) implementation of performance objectives and corporate performance
- iii) effectiveness of the governance practices and making desirable changes
- iv) the Board nomination process such that it is transparent and results in diversity of experience, gender, knowledge, perspective and thoughts in the Board
- v) the Management and providing strategic guidance while ensuring that encouraging positive thinking does not result in over-optimism that either leads to significant risks not being recognised or exposes the Company to excessive risk

2.1.3 Noting:

- i) general notices of interest of the Directors
- ii) minutes of the meetings of the Board and its Committees and also the Resolution(s) passed by circulation

2.1.4 Recommending:

- i) appointment of the Statutory Auditors
- ii) final dividend

2.1.5 Reviewing:

- i) corporate strategy, major plans of action, Risk Policy, annual budgets and business plans
- ii) default in payment of statutory dues

- iii) fatal or serious accidents, dangerous occurrences and material environmental matters
- iv) foreign exchange exposure and exchange rate movement, if material
- v) the integrity of the accounting and financial reporting systems, and that appropriate systems of control are in place, in particular, systems for Risk Management, financial and operational control, and compliance with the law and relevant standards

2.1.6 Setting:

- i) a corporate culture and the Values
- ii) well-defined mandate, composition and working procedures of the Committees

2.1.7 Others:

- i) Acting on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and the Shareholders
- ii) Aligning remuneration of the key executives and the Board Members with the long-term interests of the Company and the Shareholders
- iii) Applying high ethical standards
- iv) Assigning sufficient number of the Non-executive Board Members capable of exercising independent judgement to items where there is a potential for conflict of interest
- v) Assisting the Executive Management by challenging the assumptions underlying strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of focus of the Company
- vi) Encouraging training of the Directors on a continuous basis to ensure that the Board Members are kept up-to-dates
- vii) Exercising objective and independent judgement on corporate affairs
- viii) Facilitating the Independent Directors to perform their role effectively as the Board Members and also as the Members of Committees
- ix) Meeting the expectations of operational transparency of the Stakeholders while maintaining confidentiality of information in order to foster a culture of good decision making

2.2 Appointment and tenure

2|3rd of the Directors (other than the Independent Directors) are rotational Directors. 1|3rd of rotational Directors retire in every Annual General Meeting (AGM) and, if eligible, offer themselves for reappointment. The Managing Director is appointed by the Members for a period up to 5 years.

2.3 Composition, name, other directorships | committee memberships

The Board comprises experts drawn from diverse fields | professions. At this time it consists of 8 Members comprising 7 Non-executive Directors (3 Independent and 4 Non- Independent and 1 Executive Director. The Independent Directors account for 37.5% of the strength of the Board, against a minimum requirement of 33.33% as per Companies Act, 2013. The Non-executive Directors are eminent professionals, drawn from amongst persons with skill, experience and knowledge in one or more fields of finance, law, management or any other discipline related to the business of the Company..

No.	Name	Directorship(s) in other company (ies) ¹	Membership(s) of the Committee(s) of the Board(s) ²	Chairmanship(s) of the Committee(s) of the Board(s) ²
	Chairman			
1.	S S Lalbhai	9	7	1
	Managing Director			
2.	P Chebiyyam	-	-	-
	Non-executive Directors			
3.	P H Lele	1	1	1
4.	R R Iyer	1	2	-
5.	A V Dangi	-	1	
6.	T R Gopi Kannan	10	6	1
7.	S R Tripathi	2	-	-
8.	A S Lalbhai	-	-	-

¹ Excludes Directorships in foreign companies and private limited companies

² Memberships | Chairmanships of only the Audit Committees and Stakeholders Relationship Committees of all public limited companies including the Company were considered.

³ Mr P H Lele, Mr R R Iyer and Dr A V Dangi are Independent Directors

Mr S S Lalbhai, Mr T R Gopi Kannan, Mr S R Tripathi and Ms A S Lalbhai are promoter directors

2.4 Board meetings

The Board meeting dates were normally determined well in advance. During 2018-19, the Board met 5 times.

No.	Day	Date	Venture
1.	Thursday	April 19, 2018	Mumbai
2.	Thursday	July 12, 2018	Mumbai
3.	Friday	September 28, 2018	Mumbai
4.	Friday	October 12,2018	Mumbai
5.	Saturday	January 12,2019	Mumbai

2.5 Attendance at the Board meetings and the AGM

No.	Name	Board Meetings		AGM on June 06, 2018
		Total	Attended	
1.	S S Lalbhai	5	5	-
2.	P Chebiyyam	5	5	Present
3.	PH Lele	5	5	-
4.	RR Iyer	5	5	-
5.	AV Dangi	5	4	-
6.	T R Gopi Kannan	5	5	Present
7	S R Tripathi	5	5	Present
8	A S Lalbhai	1	1	-

2.6 Appointment | Cessation

» Appointed: Ms A S Lalbhai, effective October 12, 2018

» Ceased: nil

» Resigned: nil

2.7 Remuneration

(₹)

No.	Name	Remuneration during 2018-19			
		Sitting fees	Salary and perquisites	Commission	Total
	Chairman				
1.	S S Lalbhai	-	-	-	-
	Managing Director				
2.	P Chebiyyam	-	38,85,801	-	38,85,801
	Non-executive Directors¹				
3.	PH Lele	1,90,000	-	2,28,000	4,18,000
4.	RR Iyer	1,80,000	-	2,28,000	4,08,000
5.	AV Dangi	1,35,000	-	2,28,000	3,63,000
6.	T R Gopi Kannan	-	-	-	-
7.	S R Tripathi	-	-	-	-
8.	A S Lalbhai	-	-	-	-

¹ Mr P H Lele, Mr R R Iyer and Mr A V Dangi are independent directors

² Represents lower of 33% of the remuneration paid by Atul Limited to the Managing Director (being an employee of Atul Limited) or an amount allowable under Section I or Section II of Part II of the Schedule V of the Companies Act, 2013. Accordingly, an amount of ₹ 38,85,801 was paid to Atul Ltd for the year 2018 -19.

Sitting fees of up to ₹ 20,000 per meeting constitute fees paid to the Independent Directors for attending the Board, Committee and other meetings.

Commission up to 1% of the net profit of the Company to the Independent Directors was approved by the Members of the Company at the AGM held on June 07, 2017 for a period of 5 years effective April 01, 2016. The Board approves, within the aforesaid limit, commission payable to each Independent Director.

3. Committees of the Board

The Board has constituted the following Committees:

- » Audit Committee
- » Nomination and Remuneration Committee
- » Corporate Social Responsibility Committee

3.1 Audit Committee

3.1.1 Role

- i) Approving:
 - » appointment of the Chief Financial Officer
 - » transactions with Related Parties and subsequent modifications thereof
 - ii) Conducting:
 - » pre-audit discussions with the Auditors regarding nature and scope of the audit and post-audit discussion to ascertain any areas of concern
 - » valuation of undertakings or assets, wherever necessary
 - iii) Formulating:
 - » scope, functioning, periodicity and methodology for conducting the Internal Audit in consultation with the Internal Auditor
 - » Code of Conduct and related matters
- i) Reviewing:
- » adequacy of the Internal Audit function, including the structure of Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit
 - » significant transactions and arrangements entered into by the unlisted subsidiary companies
 - » the Auditors' independence, performance and effectiveness of the audit process
 - » periodically with the Auditors, the Internal Control Systems, the scope of audit including the observations of the Auditors and the Financial Statements before submission to the Board
 - » the annual Financial Statements and Auditor's Report with the Management before submission to the Board for approval with particular reference to:
 - any changes in Accounting Policies and practices
 - compliance with Accounting Standards
 - disclosure of any Related Party Transactions
 - going concern assumption
 - major accounting entries involving estimates based on exercise of judgement by the Management
 - matters required to be included in the Directors' Responsibility Statement for the Directors' Report
 - qualifications in the draft Audit Report
 - significant adjustments made in the Financial Statements arising out of audit findings
 - » with the Internal Auditors any significant findings and follow up thereon including findings of any internal investigations into matters where there is suspected fraud or irregularity or failure of the Internal Control Systems of material nature and reporting such matters to the Board
 - » financial reporting process and the disclosure of financial information to ensure that the Financial Statements are correct, credible and sufficient
 - » compliance reports of all applicable laws as well as steps taken to rectify instances of noncompliances periodically
 - » reasons for substantial defaults, if any, in the payment to the depositors, the debenture holders, the Members (in case of non-payment of declared dividends) and creditors
 - » the Financial Statements, in particular, investments made by unlisted subsidiary companies
 - » following information mandatorily:
 - appointment, removal and terms of remuneration of the Chief Internal Auditor
 - Internal Audit Reports relating to weaknesses in the Internal Control Systems

- Management Discussion and Analysis of financial condition and results of operations
- management letters | letters of internal control weaknesses issued by the Statutory Auditors
- statement of Related Party Transactions submitted by the Management
- » with the Management the statement of uses | applications of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilised for the purposes other than those stated

ii) Others

- » Determining procedures for risk assessment and minimisation, and reviewing them periodically to ensure that the Executive Management controls risks through means of a properly defined framework
- » Evaluating Internal Financial Controls and Risk Management system
- » Remuneration and terms of appointment of the Auditors and approval for payment for any other services
- » Scrutinising inter-corporate loans and investments
- » Carrying out any other function as mentioned in the terms of reference of the Audit Committee

3.1.2 Composition

The Committee comprises following Members, all having relevant experience in financial matters:

No.	Name	Designation
1.	P H Lele	Chairman
2.	R R Iyer	Member
3.	A V Dangi	Member
4.	T R Gopi Kannan	Member

3.1.3 Meetings and attendance

During 2018-19, 4 meetings were held.

No.	Name	Total	Attended
1.	P H Lele	4	4
2.	R R Iyer	4	4
3.	A V Dangi	4	3
4.	T R Gopi Kannan	4	4

The Statutory Auditors, the Chairman, the Managing Director, the Chief Financial Officer, the Company Secretary and the Internal Auditors are permanent invitees to the meetings.

The Board notes the minutes of the Audit Committee meetings.

3.2 Nomination and Remuneration Committee

3.2.1 Role

- i) Devising a policy on the Board diversity
- ii) Formulating criteria for evaluation of the Independent Directors and the Board
- iii) Formulating criteria for determining qualifications, traits and independence of a Director and recommending to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees
- iv) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of performance of every Director
- v) Recommending | determining remuneration of the Executive Director as per the Policy

3.2.2 Composition

The Committee comprises following Members:

No.	Name	Designation
1.	A V Dangi	Chairman
2.	S S Lalbhai	Member
3.	P H Lele	Member
4.	R R Iyer	Member

3.2.3 Meetings and attendance

During 2018-19, 2 meetings were held.

No.	Name	Total	Attended
1.	A V Dangi	2	1
2.	S S Lalbhai	2	2
3.	P H Lele	2	2
4.	R R Iyer	2	2

The Board notes the minutes of the Nomination and Remuneration Committee meetings.

3.3 Corporate Social Responsibility Committee

3.3.1 Role

- i) Formulating and recommending the Corporate Social Responsibility (CSR) Policy to the Board
- ii) Indicating reasons to the Board in case the amount of expenditure is less than 2% of the average net profit in a given year
- iii) Monitoring the CSR Policy from time to time
- iv) Recommending the amount of expenditure to be incurred on the CSR initiatives which may not be less than 2% of the average net profit of the last 3 years

3.3.2 Composition

The Committee comprises following Members:

No.	Name	Designation
1.	P H Lele	Chairman
2.	T R Gopi Kannan	Member
3.	S R Tripathi	Member

3.3.3 Meetings and attendance

During 2018-19, 1 meeting was held.

No.	Name	Total	Attended
1.	P H Lele	1	1
2.	T R Gopi Kannan	1	1
3.	S R Tripathi	1	1

4. Company policies

4.1 Compliance

Compliance certificates confirming due compliance with statutory requirements are placed at the Board meeting for review by the Directors. A system of ensuring material compliance with the laws, orders, regulations and other legal requirements concerning the business and affairs of the Company is in place. Instances of non-compliance, if any, are also separately reported to the Board and subsequently rectified.

4.2 Code of Conduct

The Code of Conduct is available on the website of the Company at <http://www.atulbio.co.in/sustainability.html#>

All the Directors and the Senior Management Personnel have affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this report.

4.3 Prevention of Sexual Harassment of Women at Workplace

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has framed a policy on Prevention of Sexual Harassment of Women at Workplace and constituted Internal Complaints Committee. Status of complaints received during 2018-19 are as under:

Filed during 2018-19	Nil
Disposed of during 2018-19	Nil
Pending as on end of 2018-19	Nil

4.4 Related Party Transactions

The Company has formulated a Related Party Transactions Policy and the same is disclosed on the website of the Company at www.atulbio.co.in/sustainability.html

5. Affirmation and disclosure

There were no materially significant Related Party Transactions, pecuniary transactions or relationships between the Company and its Directors or the Management and their subsidiary companies or relatives, among others, during 2018-19 that may have a potential conflict with the interests of the Company at large. All details relating to financial and commercial transactions where the Directors may have a pecuniary interest are provided to the Board and the interested Directors neither participate in the discussion nor vote on such matters.

The Company complied with the statutory provisions, rules and regulations and in the last 3 years no strictures or penalties were imposed on the Company by any statutory authority.

6. Shareholders' information

6.1 General Body meetings

6.1.1 Location and time, where last 3 AGMs were held:

Year	Location	Date	Time
2015-16	Atul 396 020, Gujarat, India	May 24, 2016	10:30 am
2016-17	Atul 396 020, Gujarat, India	June 07, 2017	10:30 am
2017-18	Atul 396 020, Gujarat, India	June 06, 2018	10:30 am

6.1.2 Special Resolutions were passed in the previous 3 AGMs

6.1.3 Location and time, where last EOGM were held:

Year	Location	Date	Time
2018-19	Atul 396 020, Gujarat, India	November 21, 2018	10.30 am

6.1.4 Resolutions passed through postal ballot

Nil

6.2 Annual General Meeting 2019

Details of the 22nd AGM are as under:

Year	Location	Date	Time
2019-20	Atul 396 020, Gujarat, India	July 23, 2019	10.30 am

As required, particulars of the Directors seeking reappointment | appointment are given in the Notice of the AGM.

6.3 Financial year

April 01 to March 31

6.4 Registrar and transfer agent

Link in time India Pvt Ltd, C-101, 247 park, L B S Marg, Mumbai – 400 083, Maharashtra, Phone: 022-49186000

6.5 Location of plant

Atul 396 020, Gujarat, India

6.6 Address for correspondence

Secretarial and Legal department, Atul Bioscience Ltd, Atul 396 020, Gujarat, India

E-mail address: sec@atulbio.co.in

6.7 Tentative Board meeting dates for consideration of results for 2019-20

No.	Particulars	Date
1.	First quarter results	July 19, 2019
2.	Second quarter and half-yearly results	October 12, 2019
3.	Third quarter results	Jan 11, 2020
4.	Fourth quarter and annual results	April 17, 2020

7. Role of the Company Secretary in overall governance process

All the Directors have access to the suggestions and services of the Company Secretary in ensuring an effective functioning of the Board and its Committees. The Company Secretary administers, attends and prepares minutes of the Board and the Committee proceedings in accordance with the statutory requirements as well as the norms of Corporate Governance.

8. Certification by the Chief Executive Officer and the Chief Financial Officer

Dr P Chebiyyam, Managing Director and Mr P C Pophali, Chief Financial Officer, issued certificates to the Board. The certificates were placed before the Board at the meeting held on April 17, 2019 in which the accounts for the year ended March 31, 2019 were considered and approved by the Board.

For Atul Bioscience Ltd

Mumbai
April 17, 2019

(P Chebiyyam)
Managing Director

Notice

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of Atul Bioscience Ltd will be held on Tuesday, July 23, 2019, at 10.30 am at, Atul 396 020, Gujarat, India to transact the following businesses:

Ordinary business:

1. To receive, consider and adopt the audited Financial Statements of the Company for the financial year ended March 31, 2019 and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on 8% Redeemable Optionally Convertible Cumulative Preference Shares.
3. To declare dividend on Equity shares.
4. To appoint a Director in place of Mr T R Gopi Kannan (DIN: 00048645) who retires by rotation being eligible, offers himself for reappointment.

Special Business:

1. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 148(3) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 24000/- plus taxes as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2020 as approved by the Board of Directors of the Company, to be paid to R Nanabhoy & Co, Cost Accountants, (FRN: 000010) for conducting Cost Audit of the applicable products in the category of Drugs and Pharmaceuticals be and is hereby ratified and confirmed.

Notes:

1. A Member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself | herself and the proxy need not be a Member. A person can act as proxy on behalf of not more than 50 Members and holding in aggregate not more than 10% of the total share capital of the Company. In order that the appointment of a proxy is effective, the instrument appointing the proxy must be received at the registered office of the Company not later than 48 hours before the commencement of the meeting, that is, by 10:30 am on Tuesday, July 23 2019.
2. Copies of the Balance Sheet, the Statement of Profit and Loss, the Directors' Report, the Auditor's Report and every other document required by law to be annexed or attached to the Balance Sheet for the financial year ending March 31, 2019 are annexed |attached.
3. The Register of Members and the Share Transfer Books of the Company will remain closed on April 26, 2019.
4. The dividend if approved will be paid to those Members whose names stand on the Register of Members on April 26, 2019.
5. The physical copies of the documents which are referred in this Notice and not attached will also be available at the registered office of the Company for inspection during normal business hours on working days on or before the date of the AGM. Even after registering for e-communication, the Members are entitled to receive communication in physical form (upon making a request for the same) by post, free of cost.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.

5

7. The Members, desiring any information relating to the accounts, are requested to write to the Company at least 7 days before the date of Annual General Meeting (AGM) so as to enable the Management to keep the information ready and provide at the AGM.
8. At the ensuing Annual General Meeting, Mr T R Gopi Kannan retires by rotation and being eligible offers himself for reappointment. The information or details pertaining to him are as under:

Name	Mr T R Gopi Kannan
Date of birth	March 30, 1959
Brief résumé	Mr T R Gopi Kannan joined the Company in May 21, 1997 and is a Non-executive Director since inception. He is the Member of the Audit Committee and Corporate Social Responsibility Committee of the Board. Mr Gopi Kannan has 34 years of experience in various capacities and is currently the Chief Financial Officer of Atul Limited. Mr Gopi Kannan is a FCA, FCMA, FCS and holds a Post Graduate Diploma in Management.
Directorship in other companies	Public companies Amal Ltd Atul Ltd Atul Elkay Polymers Ltd Atul Finserv Ltd – Chairman Atul Fin Resources Ltd – Chairman Atul Nivesh Ltd – Chairman Atul Rajasthan Date Palms Ltd Rudolf Atul Chemicals Ltd Limited Liability Partnership Anaven LLP – Body Corporate DP Nominee Private companies <u>Nil</u> Foreign companies Atul China Ltd – Chairman Atul Deutschland GmbH – Chairman
Membership in committees of other companies	Member of Committees Audit Committee - Rudolf Atul Chemicals Ltd Stakeholders Relationship Committee – Atul Ltd Stakeholders Relationship Committee – Amal Ltd Corporate Social Responsibility Committee – Amal Ltd Corporate Social Responsibility Committee – Rudolf Atul Chemicals Ltd Risk Management Committee – Atul Ltd
Relationship with other Directors	None
Number of shares held in the Company	Nil

9. Route map for the venue of the Annual General Meeting is given separately.

Registered office:
Atul 396 020, Gujarat
India

CIN: U24230GJ1997PLC032369
April 17, 2019

By order of the Board of Directors

(Rajeev Kumar)
Company Secretary

CIN: Company Identification Number
DIN: Director Identification Number
FRN: Firm Registration Number

Performance trend

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Operating results:								
Net Sales	10,431	7,645	5,728	5,475	4,737	3,448	2,661	1,142
Revenues	10,510	7,685	5,771	5,536	4,944	4,017	2,688	1,316
PBDIT	1,910	1,815	1,562	1,272	1,108	890	682	305
Interest	171	124	155	203	227	266	183	137
PBDT*	1,739	1,691	1,408	1,070	881	624	499	168
Depreciation	471	321	243	242	287	230	155	82
PBT from operations*	1,268	1,370	1,165	828	594	394	344	86
Exceptional non-recurring items	-	-	-	-	-	-	-	-
PBT	1,268	1,370	1,165	828	594	394	344	86
Tax	462	441	412	281	191	132	15	-
Net profit	806	929	753	547	403	262	329	86
Dividends (Including DDT)**	-	848	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Financial position:								
Gross block ***	9,041	3,867	3,529	2,186	2,894	2,972	1,745	1,610
Net block ***	7,854	3,068	3,047	1,946	2,080	2,389	1,393	1,411
Other assets (net)	(91)	574	378	1,829	1,534	728	1,510	526
Capital employed	7,764	3,642	3,425	3,776	3,614	3,117	2,903	1,937
Equity Share capital	1,539	1,084	1,084	1,084	799	799	799	549
Other equity	4,626	1,275	1,196	1,224	747	559	297	(33)
Shareholders' fund	6,165	2,359	2,280	2,308	1,546	1,358	1,096	516
Borrowings	1,598	1,283	1,145	1,468	2,068	1,759	1,807	1,421
Per Equity Share: (₹)								
Dividends		6.5	6.00	-	-	-	-	-
Book Value	-	-	-	-	19	17	14	9
EPS	6.77	8.57	4.89	5.92	4.80	3.04	4.58	1.23
Key Indicators								
PBDIT %	18.31	23.74	27.27	23.24	23.40	25.84	25.66	26.75
PBDT %	16.67	22.12	24.57	19.54	18.60	18.12	18.77	14.75
PBT %	12.16	17.92	20.34	15.13	12.54	11.44	12.93	7.56
Interest cost %	1.64	1.62	2.70	3.70	4.80	7.72	6.89	12.00
Debt-Equity ratio	0.26	0.54	0.50	0.64	1.34	1.30	1.65	2.75
Interest coverage ratio	11.19	14.66	10.10	6.28	4.87	3.35	3.72	2.23
Asset turnover ratio****	-	-	-	-	1.64	1.16	1.52	0.71
RoCE %	0.03	-	-	-	23.86	25.47	27.11	21.00
RoNW %	18.92	40.05	32.80	-	27.75	21.35	40.87	18.24

Notes:

* Excluding exceptional items

** Dividend distribution tax (DDT)

*** Including capital work in progress

**** Including capital work in progress

Figures for the year prior to 2015-16 are as per IGAAP

INDEPENDENT AUDITOR'S REPORT

To The Members of Atul Bioscience Limited Report on the Audit of the financial statements

Opinion

We have audited the accompanying financial statements of Atul Bioscience Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows 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 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, 2019, 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 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 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 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 financial statements.

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 obtained at the date of this auditor's report is directors' report and its annexure, management discussion and analysis, corporate governance report and performance trend but does not include financial statements and our auditor's report thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit on the separate financial statements 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.
 - 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 Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

- d) In our opinion, the aforesaid financial statements comply with the specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 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 were no amounts which were 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)

Samir R. Shah
Partner
(Membership No. 101708)

Place: MUMBAI
Date: April 25, 2019

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)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Atul Bioscience Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the 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, 2019, 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)

Samir R. Shah
Partner
(Membership No. 101708)

Place: MUMBAI
Date: APRIL 25, 2019

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)

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
 - (b) The Property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, generally provides for physical verification of all the Fixed Assets at reasonable intervals. According to the information and explanation 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 deed of assignment provided to us, we report that, the title deeds, comprising the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories (other than goods in transit) were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act").
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits hence reporting under clause (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 Act. 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 sub-section (1) of Section 148 of the Act, and are of the opinion that, *prima 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 generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess,

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

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess, Goods and Service Tax and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) There are no disputed dues of Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Goods and Service Tax which have not been deposited as on March 31, 2019. Details of dues of Income-tax which has not been deposited as on March 31, 2019 on account of disputes is given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (Rs.)
The Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2010-11	11,24,904

- (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 bank. The Company has not taken any loans or borrowings from financial institutions and government or 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.
- (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 Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (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 Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has made preferential allotment of equity and preference shares during the year under review.

In respect of the above issue, we further report that:

- a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

- b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised.
- (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 persons connected with them and hence provisions of section 192 of the Act 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)

Samir R. Shah
Partner
(Membership No. 101708)

Place: MUMBAI
Date: APRIL 25, 2018

Atul Bioscience Ltd

Balance Sheet as at March 31, 2019

(₹ lakhs)

Particulars	Note	As at	
		March 31, 2019	March 31, 2018
A ASSETS			
1 Non-current assets			
a) Property, plant and equipment	2	7,587.74	2,996.76
b) Capital work-in-progress	2	266.75	71.38
c) Goodwill	3	856.13	-
d) Other intangible assets	3	1,951.12	-
e) Financial assets		-	-
i) Investments	4	0.70	0.70
ii) Other financial assets	5	26.75	0.39
f) Income tax assets (net)	7	110.31	10.95
g) Other non-current assets	6	2.11	-
Total non-current assets		10,801.61	3,080.18
2 Current assets			
a) Inventories	8	1,673.98	961.75
b) Financial assets			
i) Trade receivables	9	3,281.12	1,944.72
ii) Cash and cash equivalents	10	3.76	1.12
iii) Bank balances other than cash and cash equivalents above	11	12.99	12.22
iv) Other financial assets	5	5.54	0.29
c) Other current assets	6	231.09	36.48
Total current assets		5,208.48	2,956.58
Total assets		16,010.09	6,036.76
B EQUITY AND LIABILITIES			
1 Equity			
a) Equity share capital	12	1,538.55	1,084.01
b) Other equity	13	4,626.00	1,274.89
Total equity		6,164.55	2,358.90
Liabilities			
2 Non-current liabilities			
a) Financial liabilities			
i) Borrowings	14	853.35	-
ii) Other financial liabilities	15	8.53	1.60
b) Provisions	16	15.79	11.40
c) Deferred tax liabilities (net)	27.5	269.42	171.83
Total non-current liabilities		1,147.09	184.83
3 Current liabilities			
a) Financial liabilities			
i) Borrowings	14	532.55	1,283.18
ii) Trade payables	19		
Total outstanding dues of			
a) Micro enterprises and small enterprises		14.67	2.46
b) Creditors other than micro enterprises and small enterprises		2,549.42	1,155.44
iii) Other financial liabilities	15	5,293.94	811.77
b) Other current liabilities	18	300.63	234.37
c) Provisions	16	4.37	1.39
d) Current tax liabilities (net)	17	2.87	4.42
Total current liabilities		8,698.45	3,493.03
Total liabilities		9,845.54	3,677.86
Total equity and liabilities		16,010.09	6,036.76

The accompanying Notes 1-27.16 form an integral part of the Financial Statements

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors

Samir R. Shah
Partner

P C Pophali
Chief Financial Officer

R Kumar
Company Secretary

T R Gopi Kannan

P H Lele

R R Iyer

A V Dangi

S R Tripathi

S S Lalbhai
Chairman

P Chebiyyam
Managing Director

Mumbai
April 25, 2019

A S Lalbhai
Directors

Mumbai
April 17, 2019

Atul Bioscience Ltd
Statement of Profit and Loss
for the year ended March 31, 2019

		(₹ lakhs)	
Particulars	Note	2018-19	2017-18
Income			
Revenue from operations	20	10,510.45	7,908.72
Other income	21	7.02	18.21
Total Income		10,517.47	7,926.93
Expenses			
Cost of materials consumed	22	6,661.15	4,410.39
Purchase of stock-in-trade		35.42	12.84
Changes in inventories of finished goods and work-in-progress	23	(198.29)	310.46
Excise duty		-	139.35
Employee benefit expenses	24	419.85	210.74
Finance costs	25	170.75	123.79
Depreciation and amortisation expense	2, 3	470.68	321.19
Other expenses	26	1,689.48	1,028.30
Total expenses		9,249.04	6,557.06
Profit before tax		1,268.43	1,369.87
Tax expense			
Current tax	27.5	364.23	377.57
Deferred tax	27.5	97.86	63.42
Total tax expense		462.09	441.00
Profit for the year		806.34	928.87
Other comprehensive income			
Items that will not be reclassified to profit loss			
i) Remeasurement gain (loss) on defined benefit plans		(0.93)	(3.18)
ii) Income tax related to item no (i) above		(0.27)	(1.10)
Other comprehensive loss, net of tax		(0.66)	(2.08)
Total comprehensive income for the year		805.68	926.79
Earnings per share			
Basic earnings ₹ per equity share of ₹ 10 each	27.11	6.77	8.57
Diluted earnings ₹ per equity share of ₹ 10 each	27.11	6.42	8.57
The accompanying Notes 1-27.16 form an integral part of the Financial Statements			

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Samir R. Shah
Partner

P C Pophali
Chief Financial Officer

R Kumar
Company Secretary

T R Gopi Kannan

P H Lele

R R Iyer

A V Dangi

S R Tripathi

A S Lalbhai
Directors

S S Lalbhai
Chairman

P Chebiyyam
Managing Director

Mumbai
April 17, 2019

Mumbai
April 25, 2019

Atul Bioscience Ltd
Statement of changes in Equity for the year ended March 31, 2019

A. Equity share capital

Particulars	Note	(₹ lakhs)	
			Amount
Balance as at March 31, 2017			1,084.01
Changes in equity share capital during the year	12		-
Balance as at March 31, 2018			1,084.01
Preferential allotment of equity shares	12		454.54
Balance as at March 31, 2019			1,538.55

B. Other equity

Particulars	Note	Capital contribution from Atul Ltd	Shares pending allotment	Reserves and surplus		Other comprehensive income	Total
				Securities premium	Retained earnings		
Balance as at March 31, 2017		-	-	171.00	1,023.02	2.12	1,196.14
Profit for the year		-	-	-	928.87	-	928.87
Other comprehensive income	13	-	-	-	-	(2.08)	(2.08)
Total comprehensive income for the year		-	-	-	928.87	(2.08)	926.79
Transactions with owners in their capacity as owners:							
Interim dividend (including dividend distribution tax)	12 (c)	-	-	-	(848.04)	-	(848.04)
Balance as at March 31, 2018		-	-	171.00	1,103.85	0.04	1,274.89
Profit for the year		-	-	-	806.34	-	806.34
Other comprehensive income	13	-	-	-	-	(0.66)	(0.66)
Total comprehensive income for the year		-	-	-	806.34	(0.66)	805.68
Equity component of 8% redeemable optionally convertible cumulative preference shares		167.17	-	-	-	-	167.17
Conversion of 8% redeemable optionally convertible cumulative p[reference shares (pending allotment of equity shares)		-	1,832.83	-	-	-	1,832.83
Transactions with owners in their capacity as owners:							
Preferential allotment of equity shares (Net of share issue expenses of ₹ 2,200)		-	-	545.43	-	-	545.43
Balance as at March 31, 2019		167.17	1,832.83	716.43	1,910.19	(0.62)	4,626.00

The accompanying Notes 1-27.16 form an integral part of the Financial Statements

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors

Samir R. Shah
Partner

P C Pophali
Chief Financial Officer

R Kumar
Company Secretary

T R Gopi Kannan

P H Lele

R R Iyer

A V Dangi

S R Tripathi

A S Lalbhai
Directors

S S Lalbhai
Chairman

P Chebiyyam
Managing Director

Mumbai
April 25, 2019

Mumbai
April 17, 2019

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Atul Bioscience Ltd
Statement of Cash Flows
for the year ended March 31, 2019

	(₹ lakhs)	
Particulars	2018-19	2017-18
A. Cash flow from operating activities		
Profit before tax	1,268.43	1,369.87
Adjustments for:		
Add:		
Depreciation and amortisation expense	470.68	321.19
Finance costs	170.75	123.79
Unrealised exchange rate difference (net)	(8.71)	2.35
Discard of property, plant and equipment	17.27	-
	649.99	447.33
	1,918.42	1,817.20
Less:		
Profit on sale of property, plant and equipments	-	13.58
Interest income	5.27	0.81
	5.27	14.39
Operating profit before change in operating assets and liabilities	1,913.15	1,802.81
Adjustments for:		
(Increase) decrease in inventories	(662.59)	73.92
(Increase) decrease in trade receivables	(1,038.40)	(858.65)
(Increase) decrease in other current financial assets	(5.25)	59.89
(Increase) decrease in other current assets	(160.36)	149.58
(Increase) decrease in other non-current assets	(2.11)	-
(Increase) decrease in other non-current financial assets	-	-
Increase (decrease) in trade payables	1,035.04	334.73
Increase (decrease) in other current financial liabilities	87.33	47.64
Increase (decrease) in non-current financial liabilities	6.93	-
Increase (decrease) in other current liabilities	(26.29)	11.54
Increase (decrease) provisions	7.37	(2.69)
	(758.33)	(184.06)
Cash generated from operations	1,154.82	1,618.76
Less:		
Income taxes paid	465.41	381.47
Net cash flow from operating activities	A: 689.41	1,237.28
B. Cash flow from investing activities		
Payments for property, plant and equipment (including capital advances)	(509.59)	(493.68)
Acquisition of manufacturing facility	(4,291.68)	-
Non compete fees paid	(343.00)	-
Realisation from receivables	2,091.68	-
Bank deposits matured (placed)	(0.78)	3.89
Proceeds from sale of property, plant and equipment	0.76	16.02
Interest income	5.27	0.81
Net cash used in investing activities	B: (3,047.34)	(472.97)

Atul Bioscience Ltd
Statement of Cash Flows
for the year ended March 31, 2019

(₹)		
Particulars	2018-19	2017-18
C. Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)	999.98	-
Proceeds from issue of preference shares	2,000.00	-
(Repayment) of borrowings	(750.63)	(617.50)
Proceeds from borrowings	1,066.71	755.87
Interest paid	(107.45)	(142.47)
Interim dividend on equity shares (including dividend distribution tax)	(848.04)	(782.81)
Net cash flow from (used) in financing activities	C 2,360.57	(786.91)
Net increase (decrease) in cash and cash equivalents	A+B+C 2.64	(22.59)
Cash and cash equivalents at the beginning of the financial year	1.12	23.71
Cash and cash equivalents at end of the financial year	3.76	1.12

The accompanying Notes 1-27.16 form an integral part of the Financial Statements

- i) The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the IND AS 7 on Statement of Cash flow as notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
- ii) Cash flow from operating activities includes ₹ 22.50 lakhs (March 31, 2018 : ₹ 17.40 lakhs) being expenditure towards Corporate Social Responsibility.
- iii) Option for conversion of 8% redeemable optionally convertible cumulative preference shares has been exercised refer Note 13.

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors

Samir R. Shah
Partner

P C Pophali
Chief Financial Officer

R Kumar
Company Secretary

T R Gopi Kannan

P H Lele

R R Iyer

A V Dangi

S R Tripathi

S S Lalbhai
Chairman

P Chebiyyam
Managing Director

Mumbai
April 25, 2019

A S Lalbhai
Directors

Mumbai
April 17, 2019

Background

Atul Bioscience Ltd (the Company) is a public company limited by shares, incorporated and domiciled in India. Its registered office and principal place of business is located at Atul 396 020, Gujarat, India.

The Company is in the business of Active Pharmaceutical Ingredient (API) intermediate and caters to the needs of customers belonging to the Pharmaceutical industry, under 6 broad therapeutic categories namely cardiovascular, anti-depressant, anti-diabetic, anti-fungal, anti-infective and anti-retro viral.

Note 1 Significant accounting policies

This Note provides a list of the significant accounting policies adopted by the Company in preparation of these Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation:

i) Compliance with Ind AS:

The Financial Statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act as amended.

ii) Historical cost convention:

The Financial Statements have been prepared on a historical cost basis except for the following:

- a) Certain financial assets : measured at fair value
- b) Defined benefit plans : plan assets measured at fair value

iii) Recent accounting pronouncements:

Standards issued but not yet effective:

Ind AS 116, Leases: On March 30, 2019, Ministry of Corporate Affairs had notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases and related Interpretations. The Standard sets out the principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract that is the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 01, 2019. The standard permits two possible methods of transition:

- a) Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- b) Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right-of-use asset either as:

- a) Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee’s incremental borrowing rate at the date of initial application or
- b) An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

The Company proposes to adopt the Standard on April 01, 2019 by using the ‘Modified Retrospective Approach’ for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 01, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition. No material impact on Ind AS 116 is expected.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments, which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effect on adoption of Ind AS 12 Appendix C is not expected to be material in the Financial Statements.

Amendment to Ind AS 12 – Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, ‘Income Taxes’, in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The amendment will be effective from April 01, 2019. The effect on adoption of Amendment to Ind AS 12 is not expected to be material in the Financial Statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, ‘Employee Benefits’, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- a) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

- b) to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The Company does not have any impact on account of this amendment.

b) Property, plant and equipment:

All items of property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of assets or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred. Gains or losses arising on retirement or disposal of assets are recognised in the Statement of Profit and Loss.

Spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as 'Capital work-in-progress'.

Depreciation methods, estimated useful lives and residual value:

Depreciation is provided on the straight-line method to allocate the cost of assets net of their residual values, over their estimated useful lives.

Depreciation is calculated on a pro-rata basis from the date of acquisition | installation till the date the assets are sold or disposed of:

Asset category	Estimated useful life
Building	upto 60 years
Plant and machinery	upto 20 years
Office equipment	upto 05 years
Computer equipment	upto 06 years
Furniture and fixtures	upto 10 years

The useful lives have been determined based on technical evaluation done by the Management experts which are different from the useful life prescribed in Part C of Schedule II to the Act, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed annually and adjusted

prospectively, if appropriate.

Land accounted under finance lease is amortised on straight-line basis over the primary period of lease.

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

c) Intangible assets:

i) Goodwill

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable net assets acquired. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

ii) Computer Software

Computer software includes enterprise resource planning project and other cost relating to such software which provides significant future economic benefits. These costs comprise license fees and cost of system integration services.

Computer software cost is amortised over a period of 3 years using the straight-line method

iii) Non compete fees

Non compete fees represent future economic benefits arising out of potential business. Such assets are measured on initial recognition at cost. Following initial recognition, non compete fees are carried at cost less any accumulated amortisation and accumulated impairment losses if any.

Amortisation methods, estimated useful lives and residual value:

Intangible assets with finite lives are amortised over the useful economic life on straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed annually and adjusted prospectively, if appropriate.

Estimated useful lives of the intangible assets are as follows:

Asset category	Estimated useful life
Non-compete fees	Upto 5 years
Computer software	Upto 3 years

d) Impairment of assets:

The carrying amount of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal | external factors. An impairment loss on such assessment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets is net selling price or value in use, whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in the

circumstances and to the extent that carrying amount of the assets does not exceed the carrying amount that will be determined if no impairment loss had previously been recognised.

e) Investment and other financial assets: Classification:

The Company classifies its financial assets in the following measurement categories:

- i) Those to be measured subsequently at fair value (either through Other Comprehensive Income, or through Profit and Loss), and
- ii) Those measured at amortised cost

The classification depends on business model of the Company for managing financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Initial recognition and measurement:

Financial asset is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial asset is recognised initially at fair value. Cost of transaction is added to fair value in case the financial asset is not recorded at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Subsequent measurement:

After initial recognition, financial assets are measured at:

- i) Fair Value (either through Other Comprehensive Income [FVOCI] or through Profit or Loss [FVPL]) or
- ii) Amortised cost

Equity instruments:

The Company measures all investments in equity instruments other than subsidiary company, associate company and joint venture company at fair value. The Management has elected to present fair value gains and losses of the Company on such equity investments in Other Comprehensive Income, and there is no subsequent reclassification of these fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at a mortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 26.8 details how the Company determines whether there has been a significant increase in credit risk.

De-recognition:

A financial asset is de-recognised only when the Company:

- i) has transferred the rights to receive cash flows from the financial asset or,
- ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Income recognition:

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established; it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Financial liabilities:

i) Classification as debt or equity:

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

ii) Initial recognition and measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the fair value.

iii) Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

iv) De-recognition:

A financial liability is de-recognised when the obligation specified in the contract is

discharged, cancelled or expires.

f) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

g) Inventories:

Inventories are stated at cost or net realisable value whichever is lower. Cost is determined on moving weighted average basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition.

Due allowances are made for slow moving and obsolete inventories based on estimates made by the Company.

Items such as spare parts, stand-by equipment and servicing equipment which are not plant and machinery get classified as inventory.

h) Trade receivables:

Trade receivables are recognised when the right to consideration becomes unconditional. These assets are held at amortised cost, using the effective interest rate (EIR) method where applicable, less provision for impairment based on expected credit loss.

i) Cash and cash equivalents:

Cash and cash equivalents include cash in hand, demand deposits with bank and other short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

j) Borrowings:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at a mortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income I (expense).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

k) Borrowing costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

I) Employee benefits:

Defined benefit plan:

Gratuity:

Gratuity liability is a defined benefit obligation and is computed on the basis of an actuarial valuation by an actuary appointed for the purpose as per projected unit credit method at the end of each financial year. The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The liability so provided is paid to a Trust administered by the Company, which in turn invests in eligible securities to meet the liability as and when it accrues for payment in future. Any shortfall in the value of assets over the defined benefit obligation is recognised as a liability with a corresponding charge to the Statement of Profit and Loss.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows with reference to market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate at the beginning of the period to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur directly in Other Comprehensive Income. They are included in retained earnings in the Statement of changes in equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans:

Contributions to defined contribution scheme of Provident Fund are charged as an expense to the Statement of Profit and Loss based on the amount of contribution required to be made as and when services are rendered by the employees. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Short term employee benefits:

All employee benefits payable within 12 months of service such as salaries, wages, bonus, ex-gratia, medical benefits, etc are recognised in the year in which the employees render the related service and are presented as current employee benefit obligations in the Balance Sheet. Termination benefits are recognised as an expense as and when incurred.

Short- term employee benefits are provided at undiscounted amount during the accounting period based on service rendered by employees.

Other long-term employee benefits:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the Balance Sheet if the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

m) Income tax:

The income tax expense or credit for the period is the tax payable on the taxable income of the current period based on the applicable income tax rates adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit | (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset

current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

n) Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

o) Provisions and contingent liabilities:

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. These are reviewed at each year end and reflect the best current estimate. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

p) Revenue recognition:

Revenue from contracts with customers:

The Company adopted Ind AS 115, 'Revenue from Contracts with Customers' using the modified retrospective transition method effective from April 01, 2018.

The Company manufactures and sells Active pharma ingredient intermediates in domestic and international market.

Revenue is recognised when control of goods is transferred to a customer in accordance with the terms of the contract. The control of the goods is transferred upon delivery to the customers either at factory gate of the Company or specific location of the customer or when the goods are handed over to the freight carrier, as per the terms of the contract. A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from services including those embedded in contract for sale of goods namely freight and insurance services mainly in case of export sales, is recognised upon completion of services.

Revenue is measured based on the consideration to which the Company expects to be entitled as per contract with a customer. The consideration is determined based on the price specified in the contract, net of the estimated variable consideration. Accumulated experience is used to estimate and provide for the variable consideration, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Contracts with customers are for short-term, at an agreed price basis having contracted credit period ranging upto 90 days. The contracts do not grant any rights of return to the customer. Returns of Goods are accepted by the Company only on an exception basis. Revenue excludes any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax.

Other revenue:

Eligible export incentives are recognised in the year in which the conditions precedent are met and there is no significant uncertainty about the collectability.

Interest income from financial assets is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

q) Leases:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate expected inflationary cost increases for the lessor.

r) Foreign currency transactions:

Functional and presentation currency:

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The Financial Statements of the Company are presented in Indian currency (₹), which is

also the functional and presentation currency of the Company.

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gain I (loss) resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit and Loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net "basis within" other income I (expense).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain I (loss).

s) Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of Equity shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the sum of weighted average number of Equity shares outstanding during the period and weighted average number of Dilutive shares outstanding during the period.

t) Dividend:

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

u) Contributed equity:

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

v) Business Combinations:

Business Combinations are accounted for using the acquisition method as per Ind AS 103. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Excess of purchase consideration over the fair value of net identifiable assets acquired is recognised as goodwill. Excess of the fair value of net identifiable assets acquired over the purchase consideration, is recognised as capital reserve.

Acquisition related costs are recognized in the Statement of Profit and Loss as incurred.

Critical estimates and judgements:

Preparation of Financial Statements requires use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgements or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

The areas involving critical estimates or judgements are:

- i) Estimation of useful life of tangible assets: Note 2
- ii) Estimation of defined benefit obligation: Note 27.6
- iii) Estimation of fair values of contingent liabilities: Note 27.1
- iv) Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances

Atul Bioscience Ltd

Notes to the Financial Statements

(₹ lakhs)

Note 2 Property, plant and equipment									
Particulars	Land - leasehold	Buildings ¹	Roads	Plant and equipment	Office equipment and furniture	Vehicles	Total	Capital work-in-progress	
Gross carrying amount									
As at March 31, 2017	-	441.70	-	1,917.09	51.03	-	2,409.82	1,119.36	
Additions	-	475.55	-	916.49	0.76	-	1,392.80	333.59	
Disposal, transfer and adjustments	-	-	-	(6.22)	(0.33)	-	(6.55)	(1,381.57)	
As at March 31, 2018	-	917.25	-	2,827.36	51.46	-	3,796.07	71.38	
Additions	-	35.48	12.85	242.54	15.44	-	306.31	484.85	
Acquisition (refer Note 27.13)	2,578.59	1,023.49	9.85	1,073.42	18.17	0.08	4,703.60	-	
Disposal, transfer and adjustments	-	(11.20)	-	(20.28)	-	-	(31.48)	(289.48)	
As at March 31, 2019	2,578.59	1,965.02	22.70	4,123.04	85.07	0.08	8,774.49	266.75	
Depreciation Impairment Amortisation									
Depreciation									
Upto March 31, 2017	-	27.05	-	446.91	8.27	-	482.23	-	
For the year	-	25.80	-	287.73	7.66	-	321.19	-	
Disposal and adjustments	-	-	-	(4.12)	-	-	(4.12)	-	
Upto March 31, 2018	-	52.85	-	730.52	15.93	-	799.30	-	
For the year	7.85	36.21	1.88	346.13	8.81	-	400.89	-	
Disposal and adjustments	-	(1.59)	-	(11.87)	-	-	(13.46)	-	
Upto March 31, 2019	7.85	87.49	1.88	1,064.78	24.75	-	1,186.75	-	
Net carrying amount									
As at March 31, 2018	-	864.39	-	2,096.84	35.53	-	2,996.76	71.38	
As at March 31, 2019	2,570.74	1,877.52	20.82	3,058.25	60.32	0.08	7,587.74	266.75	

Notes:

- The premises of the Company is constructed on land leased by the Holding Company, Atul Ltd.
- Refer note 14 for information on property, plant and equipment pledged as security by the Company.
- Refer to note 27.2 for disclosure of contractual commitment for acquisition of property, plant and equipment.
- The Premises of Ambarnath plant is constructed on land leased by MIDC. (refer note 27.13). The same is subject to restrictions as per applicable MIDC rules.

Atul Bioscience Limited

Notes to the Financial Statements

(₹ lakhs)

Note 3 Intangible assets	Computer software	Non-competee fees	Goodwill	Total
Gross carrying amount				
As at March 31, 2017	-	-	-	-
Addition	-	-	-	-
As at March 31, 2018	-	-	-	-
Addition	7.00	2,000.00	-	2,007.00
Acquisition (refer Note 27.13)	13.91	-	856.13	870.04
As at March 31, 2019	20.91	2,000.00	856.13	2,877.04
Amortisation				
Up to March 31, 2017	-	-	-	-
Amortisation charged for the year	-	-	-	-
Up to March 31, 2018	-	-	-	-
Amortisation charged for the year	3.12	66.67	-	69.79
Up to March 31, 2019	3.12	66.67	-	69.79
Net carrying amount				
As at March 31, 2018	-	-	-	-
As at March 31, 2019	17.79	1,933.33	856.13	2,807.25

(₹ lakhs)

Note 4 Non-current investments	Face Value	As at March 31, 2019		As at March 31, 2018	
		Number of shares	Value	Number of shares	Value
Investment in equity instruments (unquoted)					
In foreign fellow subsidiary company measured at cost					
Atul Brasil Quimicos Ltd	R\$ 1	2,188	0.70	2,188	0.70
			0.70		0.70

(₹ lakhs)

Note 5 Other financial assets	As at March 31, 2019		As at March 31, 2018	
	Current	Non-current	Current	Non-current
a) Balance with banks in fixed deposits, with maturity beyond 12 months*	-	0.39	-	0.39
b) Other receivables (refer Note 27.13)	5.54	26.36	0.29	-
	5.54	26.75	0.29	0.39

* Bank deposits above are held as lien in favour of various government agencies.

(₹ lakhs)

Note 6 Other assets	As at March 31, 2019		As at March 31, 2018	
	Current	Non-current	Current	Non-current
a) Balances with the Government departments:				
Balances with the statutory authorities	106.64	-	3.33	-
b) Export incentive receivable	7.31	-	17.51	-
c) Capital advances	37.68	-	3.42	-
d) Other receivables (Including prepayments, etc)	79.46	2.11	12.22	-
	231.09	2.11	36.48	-

(₹ lakhs)

Note 7 Income tax assets (net)	As at March 31, 2019		As at March 31, 2018	
	Current	Non-current	Current	Non-current
Non-current				
Tax paid in advance, net of provisions (Refer Note 27.5 for movement in taxes paid)		110.31		10.95
		110.31		10.95

Atul Bioscience Limited

Notes to the Financial Statements

(₹ lakhs)

Note 8 Inventories (refer Note 27.13)		As at March 31, 2019	As at March 31, 2018
a)	Raw materials and packing materials	719.04	494.99
	Add: Goods-in-transit	147.85	98.87
		866.89	593.86
b)	Work-in-progress	-	14.36
c)	Finished goods	720.18	291.16
e)	Stores, spares and fuel	86.91	62.37
		1,673.98	961.75

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(i) Amounts recognised in the Statement of Profit and Loss

Written-down of inventories to net realisable value amounted to ₹ Nil (March 31, 2018 ₹ 5.92 lakhs). These were recognised as an expense during the year and included in 'changes in inventories of finished goods and work-in-progress' in the Statement of Profit and Loss.

(ii) The mode of valuation of inventory has been stated in Note 1(g).

(₹ lakhs)

Note 9 Trade receivables		As at March 31, 2019	As at March 31, 2018
Unsecured, considered good			
a)	Related Parties (refer Note 27.4)	70.33	25.08
b)	Others (which have no increase in credit risk) (refer Note 27.13)	3,210.79	1,919.63
		3,281.12	1,944.72

(₹ lakhs)

Note 10 Cash and cash equivalents		As at March 31, 2019	As at March 31, 2018
a)	Balances with banks		
i)	In current accounts	3.55	1.12
b)	Cash on hand	0.21	-
		3.76	1.12

There are no repatriations restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period.

(₹ lakhs)

Note 11 Bank balances other than cash and cash equivalents above		As at March 31, 2019	As at March 31, 2018
	Bank deposit having maturity within 12 months*	12.99	12.22
		12.99	12.22

* Bank deposits above include deposits lien marked in favour of various government agencies amounting to ₹ 1.99 lakhs (March 31, 2018: ₹ 1.87 lakhs) and margin money ₹ 11.00 lakhs (March 31, 2018: ₹ 10.35 lakhs)

Atul Bioscience Limited

Notes to the Financial Statements

(₹ lakhs)

Note 12 Equity share capital	As at	
	March 31, 2019	March 31, 2018
Authorised		
1,70,00,000 equity shares of ₹ 10 each	1,700.00	1,700.00
30,00,000 (Previous year 300,000) 8% redeemable optionally convertible cumulative preference shares of ₹ 100 each	3,000.00	300.00
	4,700.00	2,000.00
Issued, subscribed and paid up		
1,53,85,505 (March 31, 2018: 1,08,40,050) equity shares of ₹ 10 each	1,538.55	1,084.01
	1,538.55	1,084.01

a) Movements in equity share capital

(₹ lakhs)

	Number of shares	Equity share capital
As at March 31, 2017	10,840,050	1,084.01
Increase during the year	-	-
As at March 31, 2018	10,840,050	1,084.01
Increase during the year	4,545,455	454.55
As at March 31, 2019	15,385,505	1,538.55

b) Terms and rights attached to equity shares

The Company has one class of shares referred to as equity shares having a par value of ₹ 10.

i) Equity shares:

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts and preference shares. The distribution will be in proportion to the number of equity shares held by the shareholders.

Each holder of equity shares is entitled to one vote per share.

ii) Dividend:

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

iii) During the year, the Company has issued and allotted 45,45,455 equity shares of face value of ₹ 10 per share to the Holding Company on preferential basis at a price of ₹ 22 per share (including a premium of ₹ 12 per share) after the requisite approval of shareholders in the Extra Ordinary General Meeting held on November 21, 2018.

c) During the year, the Company has declared interim dividend of ₹ Nil per equity share (March 31, 2018 : ₹ 6.50).

d) Details of shares held by the Holding Company, including shareholders holding more than 5% shares of the Company.

Name of the shareholder	As at		As at	
	March 31, 2019		March 31, 2018	
	Holding %	Number of shares	Holding %	Number of shares
Atul Ltd, Holding Company				
Equity shares	100	15,385,505	100	10,840,050

Atul Bioscience Limited

Notes to the Financial Statements

(₹ lakhs)

Note 13 Other equity		As at March 31, 2019	As at March 31, 2018
a)	Capital contribution from Atul Ltd#	167.17	-
b)	Equity capital pending allotment of shares@	1,832.83	-
c)	Securities premium account (net of share issue expenses of ₹ 2,200 (Previous year ₹ Nil))	716.43	171.00
d)	Retained earnings		
	Balance as at the beginning of the year	1,103.85	1,023.02
	Net profit for the period	806.34	928.87
	Interim dividend on equity shares for the year	-	(704.60)
	Dividend distribution tax on interim dividend	-	(143.44)
	Balance as at the end of the year	1,910.19	1,103.85
e)	Other comprehensive income		
	Balance as at the beginning of the year	0.04	2.12
	Remeasurement gains on defined benefit plans, net of tax	(0.66)	(2.08)
	Balance as at the end of the year	(0.62)	0.04
		4,626.00	1,274.89

Capital contribution from Atul Ltd represents equity component of 8% redeemable optionally convertible cumulative preference shares.

@ Equity capital pending allotment of shares represents 8% redeemable optionally convertible cumulative preference shares for which conversion option has been exercised by Atul Ltd, pending allotment of shares as at March 31, 2019.

Nature and purpose of reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, any transfers from or to OCI, dividends or other distributions paid to shareholders.

Other comprehensive income

Other comprehensive income is remeasurement gains | losses till date on defined benefit plans, net of tax.

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Atul Bioscience Limited

Notes to the Financial Statements

(₹ lakhs)

Note 14 Borrowings	As at		As at	
	March 31, 2019		March 31, 2018	
	Current	Non-current	Current	Non-current
a) Secured				
i) Rupee term loan from a bank	-	200.05	-	-
ii) Working capital loans repayable on demand from banks	32.55	-	133.18	-
b) Unsecured				
i) Loan from related parties (refer Note 27.4)	507.85	455.43	1,151.49	-
ii) Rupee term loan from a bank	-	416.91	-	-
	540.40	1,072.39	1,284.67	-
Less: Current maturities of long-term debts disclosed under the head "Other financial liabilities" (refer Note 15)	-	(213.35)	-	-
Less: Interest accrued disclosed under the head "Other financial liabilities" (refer Note 15)	(7.85)	(5.69)	(1.49)	-
	532.55	853.35	1,283.18	-

i)	Rupee term loan from a bank:	Type of loan Nature of security	Terms of repayment
	Secured:	Rupee term loan from bank amounting to ₹ 2,00.04 lakhs (including interest accrued ₹ 0.04 lakhs) is secured by exclusive charge on the movable and immovable fixed assets at Ambarnath and first pari-passu charge on movable and immovable fixed assets except lease hold land at Valsad.	22 structured quarterly installments beginning from December 2019 till March 2025. Interest rate as at Balance Sheet date is 9% per annum.
	Unsecured:	Rupee term loan from bank amounting to ₹ 4,16.91 lakhs (including interest accrued ₹ 0.20) is unsecured loan sanctioned by bank towards reimbursement of capex fresh capex.	10 structured quarterly installments beginning from December 2018 till March 2021. Interest rate is 3M MCLR i.e. 9.70% per annum as at the balance sheet date.
ii)	Working capital loan:	Working capital loan at the rate of base rate of bank plus 1.50% i.e. 11 % per annum at Balance Sheet date (As at March 31, 2018: 10.45% per annum) is repayable on demand and is secured by hypothecation of all current assets, namely, inventories and book debts of the Company as a whole and also secured by extension of charge on all non-current assets of the Company.	
iii)	Loans from related parties	Interest of 9.00 % to 9.90 % per annum is charged on the outstanding balances (As at March 31, 2018: 9.90 % per annum).	
iv)	Net debt reconciliation:		

(₹ lakhs)

Particulars	Liabilities from financing activities		
	Non-current borrowings	Current borrowings	Total
Net debt as at March 31, 2017	37.50	1,109.30	1,146.80
(Repayment) of borrowings Proceeds from borrowings	(37.50)	175.87	138.37
Interest expense	-	91.94	91.94
Interest paid	-	(92.44)	(92.44)
Net debt as at March 31, 2018	-	1,284.67	1,284.67
(Repayment) of borrowings Proceeds from borrowings	1,066.70	(750.63)	316.08
Interest expense	17.13	69.83	86.96
Interest paid	(11.44)	(63.47)	(74.91)
Net debt as at March 31, 2019	1,072.39	540.40	1,612.79

Atul Bioscience Limited

Notes to the Financial Statements

(₹ lakhs)

Note 15 Other financial liabilities	As at March 31, 2019		As at March 31, 2018	
	Current	Non-current	Current	Non-current
	a) Current maturities of long-term debt (refer Note 14)	213.35	-	-
b) Interest accrued but not due (refer Note 14)	13.54	-	1.49	-
c) Creditor for capital goods (refer Note 27.12)*	4,917.23	-	59.64	-
d) Dividend payable on preference shares	15.78	-	-	-
e) Interim dividend payable on equity shares (refer Note 12 (c))	-	-	704.60	-
f) Employee benefits payable (refer Note 27.6)	121.77	8.53	32.89	1.60
g) Retention money	11.27	-	12.65	-
h) Others	1.00	-	0.50	-
	5,293.94	8.53	811.77	1.60

* includes payable to MSME creditors ₹ 0.46 lakhs (Previous year : nil)

(₹ lakhs)

Note 16 Provisions	As at March 31, 2019		As at March 31, 2018	
	Current	Non-current	Current	Non-current
	Employee benefit obligations			
a) Provision for compensated absences (refer Note 27.6)	4.37	15.79	1.39	11.40
	4.37	15.79	1.39	11.40

(₹ lakhs)

Note 17 Current tax liabilities (Net)	As at March 31, 2019		As at March 31, 2018	
	Income tax payable, net of paid (refer Note 27.5 for movement in taxes paid)		2.87	4.42
		2.87	4.42	

(₹ lakhs)

Note 18 Other current liabilities	As at March 31, 2019		As at March 31, 2018	
	a) Statutory dues	289.39	88.47	
b) Dividend distribution tax on preference dividend	3.25	-		
c) Dividend distribution tax on interim dividend	-	143.44		
d) Advance from customers	7.99	2.46		
	300.63	234.37		

(₹ lakhs)

Note 19 Trade payables	As at March 31, 2019		As at March 31, 2018	
	a) Total outstanding dues of micro, small and medium enterprises (refer Note 27.12)	14.67	2.46	
b) Total outstanding dues of creditors other than micro, small and medium enterprises				
i) Related party (refer Note 27.4)	1,049.16	612.06		
ii) Others (refer Note 27.13)	1,500.26	543.38		
	2,564.09	1,157.90		

Notes to the Financial Statements

(₹ lakhs)

Note 20 Revenue from operations	2018-19	2017-18
Revenue from Contracts with customers:		
Sale of products (including excise duty)*	10,431.13	7,855.30
Sale of raw material	37.07	13.27
Scrap sales	22.06	26.90
Other operating revenue :		
Export incentives	20.19	13.25
	10,510.45	7,908.72

* Revenue from operations upto June 30, 2017 includes excise duty of ₹ 210.86 Lakhs, which is discontinued effective July 01, 2017 upon implementation of Goods and Services Tax (GST) in India. In view of the aforesaid restructuring of Indirect taxes, revenue from operations for the year ended on March 31, 2019 is not comparable with the previous year.

Contracts with customers are for short-term, at an agreed price basis having contracted credit period ranging upto 90 days. These contracts are mainly for sale of goods in domestic and international markets besides sale of scrap sales. Delivery of goods are either at ex-works or at an alternate agreed place at an agreed point in time. The contracts do not grant for any rights to return to the customer. Returns of goods are accepted by the Company only on exception basis.

(₹ lakhs)

Note 21 Other income	2018-19	2017-18
Interest income	5.27	0.81
Exchange rate difference gain (net)	1.75	3.82
Profit on sale of property, plant and equipment	-	13.58
	7.02	18.21

(₹ lakhs)

Note 22 Cost of materials consumed	2018-19	2017-18
Stocks at commencement	593.86	375.32
Add: Purchases	6,537.19	4,628.93
Add: Inventory acquired on business combination (refer Note 27.13)	396.99	-
	7,528.04	5,004.25
Less: Stocks at close	866.89	593.86
	6,661.15	4,410.39

(₹ lakhs)

Note 23 Changes in inventories of finished goods and work-in-progress	2018-19	2017-18
Stocks at close		
Finished goods	720.18	291.16
Work-in-progress	-	14.36
	720.18	305.52
Add: Inventory acquired on Business Combination (refer Note 27.13)		
Finished goods	62.63	-
Work-in-progress	153.74	-
	216.37	-
Less: Stock at commencement		
Finished goods	291.16	615.98
Work-in-progress	14.36	-
(Increase) Decrease in Stocks	(198.29)	310.46

(₹ lakhs)

Note 24 Employee benefit expenses	2018-19	2017-18
Salaries, wages and bonus	361.38	188.02
Contribution to provident and other funds (refer Note 27.6)	40.61	8.29
Staff welfare	17.86	14.43
	419.85	210.74

Notes to the Financial Statements

	(₹ lakhs)	
Note 25 Finance costs	2018-19	2017-18
Interest on borrowings	86.96	91.94
Interest on others	64.77	31.85
Dividend payable on 8% redeemable optionally convertible cumulative preference shares (including dividend distribution tax)	19.02	-
	170.75	123.79

	(₹ lakhs)	
Note 26 Other expenses	2018-19	2017-18
Consumption of stores and spares (including inventory acquired on business combination, refer Note 27.13)	129.67	80.69
Power, fuel and water (including inventory acquired on business combination, refer Note 27.13)	505.70	498.34
Conversion and plant operation charges contract labour charges	85.39	71.79
ETP charges	113.30	19.12
Building repairs	26.51	16.12
Plant and equipment repairs	128.20	70.27
Rent	18.79	0.04
Rates and taxes	3.45	0.61
Insurance	12.10	8.99
Legal and professional charges	356.86	17.61
Freight, cartage and octroi	52.61	31.44
Commission	-	0.87
Expenditure on Corporate Social Responsibility (refer Note no 27.14)	22.50	17.40
Staff service charges	106.81	124.68
Travelling and conveyance	1.16	0.35
Directors' fees and travelling	5.05	3.70
Directors' commission (other than the Executive Directors)	6.84	7.59
Payments to the Statutory Auditors	-	-
a) Audit fees	3.28	3.11
b) Other matters	0.55	0.52
c) Out of pocket expenses	-	-
Payments to the Cost Auditors	-	-
a) Audit fees	0.20	0.20
Bank charges	28.13	19.87
Brand usage charges	22.72	-
Security charges	19.86	12.86
Discard of property, plant and equipment	17.27	-
Miscellaneous expenses	22.53	22.13
	1,689.48	1,028.30

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Notes to the Financial Statements

Note 27.1 Contingent liabilities

Claims against the Company not acknowledged as debts

Particulars	(₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Claims against the Company not acknowledged as debts in respects of:		
i) Income tax*	11.25	3.47
ii) Provident fund*	1.61	

The above matters are currently being considered by the tax authorities and the Company expects the judgement will be in its favour and has therefore, not recognised the provision in relation to these claims. Future cash outflow in respect of above will be determined only on receipt of judgement | decision pending with tax authorities. The potential undiscounted amount of total payments for taxes that the Company could be required to make if there was an adverse decision related to these disputed demands of regulators as of the date reporting period ends are as illustrated above.

* excluding interest and penalty

Note 27.2 Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	(₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances):		
Property, plant and equipment	105.87	4.36

Note 27.3 Related party information

No	Name of the related party	Description of relationship
	The group is controlled by following entity	
01	Atul Ltd	Holding Company
	Other related parties with whom transactions have taken place during the year	
02	Atul Finserv Ltd	
03	Atul China Ltd	Fellow Subsidiary companies with whom transactions have taken place during the year
04	Atul Europe Ltd	
05	Rudolf Atul Chemicals Ltd	Entity jointly controlled by Holding Company
06	Aagam Holdings Pvt Ltd	Entity over which control exercised by Key Management Personnel
07	Key Management Personnel	
	S S Lalbhai	Chairman
	P Chebiyyam	Managing Director
	T R Gopikannan	Director
	P H Lele	Independent Director
	A V Dangi	Independent Director
	R R Iyer	Independent Director
	S R Tripathi	Director
	A S Lalbhai	Director
	Welfare funds	
08	Atul Rural Development Fund	Organisations over which significant influence exercised by Key Management Personnel
09	Bansi S Mehta	Director of Holding Company
10	Crawford Bayley & Co.	Director of Holding Company is partner
11	Other related parties#	
	Atul Bioscience Staff Gratuity Fund	Post-employment benefit plan of Atul Bioscience Ltd

Refer note 27.6 for information on transactions with post-employment benefit plans mentioned above.

Notes to the Financial Statements

		(₹ lakhs)	
Note 27.4 (a) Transactions with holding company		2018-19	2017-18
Sales and income			
1	Sale of goods (net of excise duty)	223.33	13.02
2	Sales of property, plant and equipment	0.76	-
3	Interest received receivable	4.40	-
4	Reimbursement received	1.98	1.68
Purchases and expenses			
1	Purchase of raw material (net of excise duty)	3,934.73	2,978.88
2	Purchase of power, fuel and water	461.13	498.34
3	ETP service charges	113.30	19.12
4	Staff service charges	79.13	133.77
5	Lease rent	0.04	0.04
6	Interest paid payable	64.59	55.60
7	Brand usage charges	22.72	-
8	Reimbursement paid	7.32	0.38
Others			
1	Interim dividend on equity shares	-	704.60
2	Dividend on preference shares	15.78	-
3	Loan repaid	-	430.00
Transfers under finance arrangements			
1	Issue of equity shares	1,000.00	-
2	Issue of 8% redeemable optionally convertible cumulative preference shares	2,000.00	-

Terms and conditions:

- Transactions with Atul Ltd pertaining to a) purchase of goods, power, fuel, water, b) ETP service charges, c) lease rent d) interest were e) brand usage charges were at normal commercial terms.
- Staff service charges and other expenses were reimbursed to Atul Ltd on cost basis.
- Transaction relating to dividend was on same terms and conditions that applied to all shareholders.

		(₹ lakhs)	
Note 27.4 (b) Transactions with fellow subsidiary companies		2018-19	2017-18
Sales and income			
1	Sale of goods	162.60	67.44
	Atul Europe Ltd	162.60	67.44
Loan taken and repaid			
1	Loan taken	450.00	-
	Atul Finserv Ltd	450.00	-
Expenses			
1	Interest on loan	9.60	-
	Atul Finserv Ltd	9.60	-
2	Reimbursement paid	0.28	0.15
	Atul Finserv Ltd	0.28	0.15
3	Commission	-	0.87
	Atul China Ltd	-	0.87

Terms and conditions:

Sales and Income -

Transactions with Atul Europe Ltd pertaining to sale of goods were at normal commercial terms.

Expenses -

Commission paid to Atul China was at normal commercial terms.

		(₹ lakhs)	
Note 27.4 (c) Entity jointly controlled by Holding Company		2018-19	2017-18
Sales and income			
1	Sale of goods	0.14	-
	Rudolf Atul Chemicals Ltd	0.14	-
Loan taken and repaid			
1	Loan taken	500.00	500.00
	Rudolf Atul Chemicals Ltd	500.00	500.00
2	Loan repaid	500.00	350.00
	Rudolf Atul Chemicals Ltd	500.00	350.00
Expenses			
1	Interest on loan	9.12	20.10
	Rudolf Atul Chemicals Ltd*	9.12	20.10

* Loans taken from Rudolf Atul Chemicals Ltd was for 180 days at interest rate of 9.00 to 9.30 % p. a. (Previous year 9.90 % p. a.).

(₹ lakhs)

Note 27.4 (d) Entity over which significant influence is exercised by Key Management Personnel		2018-19	2017-18
Personnel			
Expenses			
1	Interest on loan	60.31	34.41
	Aagam Holdings Pvt Ltd*	60.31	34.41
Loan taken and repaid			
1	Loan taken	500.00	1,120.00
	Aagam Holdings Pvt Ltd	500.00	1,120.00
2	Loan repaid	1,150.00	470.00
	Aagam Holdings Pvt Ltd	1,150.00	470.00

* Loan taken from Aagam Holdings Pvt Ltd was for 9 months at interest rate of 9.90 % per annum.

(₹ lakhs)

Note 27.4 (e) Key management personnel compensation		2018-19	2017-18
1	P Chebiyyam	38.86	33.70
	Short-term employee benefits	38.86	33.70
	Post-employment benefits ¹	-	-
2	Independent directors	11.89	11.29
	Commission and sitting fees paid to independent directors	11.89	11.29

¹ Compensation for gratuity and compensated absences are paid by the Holding Company.

There are no other categories of compensation payable to Key management personnel.

(₹ lakhs)

Note 27.4 (f) Transactions with organisations over which significant influence exercised		2018-19	2017-18
1	Corporate social responsibility initiatives	22.50	17.40
	Atul Rural Development Fund	22.50	17.40

(₹ lakhs)

Note 27.4 (g) Transactions with Director of Holding Company		2018-19	2017-18
1	Professional fees	-	3.20
	Bansi S Mehta	-	3.20

(₹ lakhs)

Note 27.4 (h) Transactions with entity where Director of Holding Company is a partner		2018-19	2017-18
1	Professional fees	7.50	2.60
	Crawford Bayley & Co.	7.50	2.60

(₹ lakhs)

Note 27.4 (i) Transactions with organisations over which significant influence exercised		2018-19	2017-18
1	Contribution made during the year	2.00	0.07
	Atul Bioscience Staff Gratuity Fund	2.00	0.07

(₹ lakhs)

Note 27.4 (j) Outstanding balances of Holding Company at year end		As at March 31, 2019	As at March 31, 2018
1	Payables	1,048.03	610.98
2	Preference dividend payable	15.78	-
3	Interim dividend payable to equity shareholders	-	704.60

(₹ lakhs)

Note 27.4 (k) Outstanding balances of fellow subsidiary companies at year end		As at March 31, 2019	As at March 31, 2018
Receivables		70.33	25.08
1	Atul Europe Ltd	70.33	25.08
Payables		456.56	1.08
1	Atul Finserv Ltd	455.46	0.04
2	Atul China Ltd	1.10	1.04

(₹ lakhs)

Note 27.4 (l) Outstanding balances of entity jointly controlled by Holding Company as at year end		As at March 31, 2019	As at March 31, 2018
1	Unsecured loan	507.85	500.00
	Rudolf Atul Chemicals Ltd	507.85	500.00

<i>(₹ lakhs)</i>		
Note 27.4 (m) Outstanding balances of entity over which significant influence is exercised by Key Management Personnel as at year end	As at March 31, 2019	As at March 31, 2018
1 Unsecured loan	-	650.00
Aagam Holdings Pvt Ltd	-	650.00

<i>(₹ lakhs)</i>		
Note 27.4 (n) Outstanding balances of entity where Director of Holding Company is a partner as at year end	As at March 31, 2019	As at March 31, 2018
1 Payables	7.50	2.60
Crawford Bayley & Co.	7.50	2.60

Note 27.4 (o) Terms and conditions:

All outstanding balances are unsecured and are repayable in cash.

Notes to the Financial Statements

Note 27.5 : Current and Deferred tax

The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are:

a) Income tax expense

Particulars	(₹ lakhs)	
	2018-19	2017-18
Current tax		
Current tax on profits for the year	361.97	384.08
Adjustments for current tax of prior periods	2.26	(6.51)
Total current tax expense	364.23	377.57
Deferred tax		
(Decrease) increase in deferred tax liabilities	112.14	66.11
Decrease (increase) in deferred tax assets*	(14.28)	(2.68)
Total deferred tax expense (benefit)	97.86	63.43
Income tax expense	462.09	441.00

*This excludes deferred tax benefits on other comprehensive income.

b) The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows

Particulars	2018-19	2017-18
Statutory income tax rate	29.120%	34.608%
Tax effect of amounts which are not deductible:		
Corporate social responsibility expenditure	0.517%	0.440%
Donation u/s 80G of Income tax Act, 1961	(0.258)%	(0.220)%
Profit on sale of property, plant and equipment	0.000%	(0.343)%
Expenses in capital nature	6.542%	0.000%
Other items	0.510%	(2.291)%
Effective income tax rate	36.430%	32.193%

c) Income tax assets (net)

Particulars	(₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Opening balance	10.95	10.95
Add: Tax paid for the year	460.52	-
Less: Provision for Tax	(360.62)	-
Closing balance	110.85	10.95

d) Income tax liabilities (net)

Particulars	(₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Opening balance	4.42	8.32
Add: Current tax payable for prior period	3.34	377.57
Less: Taxes paid	(4.89)	(381.47)
Closing balance	2.87	4.42

e) Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

(₹ lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Property, plant and equipment	289.70	177.57
Total deferred tax liabilities	289.70	177.57
Provision for compensated absences and gratuity	15.29	5.74
Expenses to increase authorised share capital	4.72	-
Remeasurement loss on defined benefit plan	0.27	-
Total deferred tax assets	20.28	5.74
Net deferred tax liabilities	269.42	171.83

Movement in deferred tax liabilities | (assets)

(₹ lakhs)

Particulars	Expenses for increase in authorised share capital	Tax on remeasurement gain (loss) on defined benefit plans	Property plant and equipment and Intangible assets	Provision for compensated absences and gratuity	Net
At March 31, 2017	-	-	111.45	(3.05)	108.40
(Charged) credited:	-	-	-	-	-
- to profit or loss	-	-	66.11	(2.68)	63.43
At March 31, 2018	-	-	177.56	(5.73)	171.83
(Charged) credited:	-	-	-	-	-
- to profit or loss other comprehensive income	(4.72)	(0.27)	112.14	(9.56)	97.59
At March 31, 2019	(4.72)	(0.27)	289.70	(15.29)	269.42

Notes to the Financial Statements

Note 27.6 : Employee benefit obligations

Funded schemes

a) Defined benefit plans:

Gratuity:

The Company operates a gratuity plan through the 'Atul Bioscience Staff Gratuity Trust'. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972 or Company scheme whichever is beneficial. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

Balance sheet amount (Gratuity)			(₹ lakhs)
Particulars	Present value of obligation	Fair value of plan assets	Net amount
March 31, 2017	11.89	(9.60)	2.29
Current service cost	1.35	-	1.35
Interest expense (income)	0.85	(0.69)	0.16
Total amount recognised in profit and loss	2.20	(0.69)	1.51
Remeasurements			
Return on plan assets, excluding amount included in interest expense (income)	-	0.32	0.32
(Gain) loss from change in demographic assumptions	(0.13)	-	(0.13)
(Gain) loss from change in financial assumptions	0.59	-	0.59
Experience (gains) losses	2.40	-	2.40
Total amount recognised in other comprehensive income	2.86	0.32	3.18
Employer contributions	-	(0.07)	(0.07)
Benefit payments	(3.27)	3.27	-
March 31, 2018	13.68	(6.77)	6.91

			(₹)
Particulars	Present value of obligation	Fair value of plan assets	Net amount
March 31, 2018	13.68	(6.77)	6.91
Current service cost	2.45	-	2.45
Past service cost	24.46	-	24.46
Interest expense (income)	1.06	(0.52)	0.54
Total amount recognised in profit and loss	27.97	(0.52)	27.45
Liability Transferred in Acquisitions	47.66	(47.66)	-
Remeasurements			
Return on plan assets, excluding amount included in interest expense (income)	-	(0.69)	(0.69)
(Gain) loss from change in demographic assumptions	(0.87)	-	(0.87)
(Gain) loss from change in financial assumptions	1.16	-	1.16
Experience (gains) losses	1.34	-	1.34
Total amount recognised in other comprehensive income	1.63	(0.69)	0.94
Employer contributions	-	(2.00)	(2.00)
Benefit payments	-	-	-
March 31, 2019	90.94	(57.64)	33.30

The net liability disclosed above relates to funded and unfunded plans are as follows:

			(₹ lakhs)
Particulars	As at March 31, 2019	As at March 31, 2018	
Present value of funded obligations	90.94	13.68	
Fair value of plan assets	(57.64)	(6.77)	
Deficit of Gratuity plan	33.30	6.91	
Current	24.77	5.31	
Non-current	8.53	1.60	

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.22%	7.71%
Salary escalation rate	8.04%	8.27%
Rate of return on plan assets	7.22%	7.71%
Attrition rate	11.87%	9.70%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Increase (decrease) in defined benefit obligation									
	Change in assumptions		Increase in assumptions				Decrease in assumptions			
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018		
Discount rate	1.00%	1.00%	(4.69%)	(4.26)	(5.55%)	(0.76)	5.26%	4.79	6.31%	0.86
Salary escalation rate	1.00%	1.00%	5.17%	4.70	6.21%	0.85	(4.70%)	(4.27)	(5.57%)	(0.76)
Attrition rate	1.00%	1.00%	(0.49%)	(0.44)	(0.71%)	(0.10)	0.52%	0.48	0.75%	0.10

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Major category of plan assets are as follows:

Particulars	(₹ lakhs)							
	As at March 31, 2019				As at March 31, 2018			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Investment funds								
Insurer managed fund (Life Insurance Corporation of India)	-	57.64	57.64	100%	-	6.77	6.77	100%
	-	57.64	57.64	100%	-	6.77	6.77	100%

Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk

A fall in the discount rate which is linked to the Government security rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Concentration risk

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

Expected contributions to post-employment benefit plans for the year ending March 31, 2020 are ₹ 24.77 lakhs.

The weighted average duration of the defined benefit obligation is 6 years (2017-18: 7 years). The expected maturity analysis of gratuity is as follows:

Particulars	(₹ lakhs)				
	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
Defined benefit obligation (gratuity)					
As at March 31, 2019	23.16	7.66	24.39	89.56	144.77
As at March 31, 2018	1.10	1.16	5.41	24.41	32.08

b) Defined contribution plans:

The Company makes contributions towards provident fund and employee state insurance scheme for qualifying employees as per regulations. The provident fund is administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

The expense recognised during the period towards above contribution plans is ₹ 12.74 lakhs (March 31, 2018 : ₹ 6.42 lakhs).

c) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Mortality rates are obtained from the relevant data.

d) Compensated absences

The Compensated absences covers the liability for earned leave. Out of the total amount disclosed in Note 16, the amount of ₹ 4.37 lakhs (March 31, 2018: ₹ 1.38 lakhs) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Particulars	(₹ lakhs)	
	Compensated absences	
	As at March 31, 2019	As at March 31, 2018
1 Present value of unfunded obligations	20.16	12.79
2 Expense recognised in the Statement of Profit and Loss	9.25	2.29
3 Discount rate (per annum)	7.22%	7.71%
4 Rate of return on plan assets	7.22%	7.71%
5 Salary escalation rate (per annum)	8.04%	8.27%
Current	4.37	1.39
Non-current	15.79	11.40

Notes to the Financial Statements

Note 27.7: Fair value measurements

(i) Financial instruments by category

Particulars	As at March 31, 2019			As at March 31, 2018		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments in equity instruments	0.70	-	-	0.70	-	-
Trade receivables	-	-	3,281.12	-	-	1,944.72
Cash and cash equivalents	-	-	3.76	-	-	1.12
Bank balances other than cash and cash equivalents above	-	-	12.99	-	-	12.22
Other receivables	-	-	31.90	-	-	0.29
Bank deposits with more than 12 months maturity	-	-	0.39	-	-	0.39
Total financial assets	0.70	-	3,330.16	0.70	-	1,958.74
Financial liabilities						
Borrowings	-	-	1,599.25	-	-	1,283.18
Trade payables	-	-	2,564.09	-	-	1,157.90
Interest accrued but not due	-	-	13.54	-	-	1.49
Creditor for capital goods	-	-	4,917.23	-	-	59.64
Dividend payable on preference shares	-	-	15.78	-	-	-
Interim dividend payable on equity shares	-	-	-	-	-	704.60
Employee benefits payable	-	-	130.30	-	-	34.49
Retention money	-	-	11.27	-	-	12.65
Other	-	-	1.00	-	-	0.50
Total financial liabilities	-	-	9,252.46	-	-	3,254.45

(ii) Fair value hierarchy and valuation technique used to determine fair value

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Assets and liabilities measured at fair value - recurring fair value measurements	Note	As at March 31, 2019		As at March 31, 2018	
		Investment in equity instruments		Investment in equity instruments	
Level 1		-	-	-	-
Level 2		-	-	-	-
Level 3	4	0.70	-	0.70	-

The difference between the fair value and the carrying amount of the investment in equity instruments is not expected to be material and hence has not been fair valued and is classified as level 3.

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have a quoted price. The fair value of all equity instruments which are traded on the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing net assets value (NAV).

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Trade receivables	3,281.12	3,281.12	1,944.72	1,944.72
Cash and cash equivalents	3.76	3.76	1.12	1.12
Bank balances other than cash and cash equivalents above	12.99	12.99	12.22	12.22
Other receivables	31.90	31.90	0.29	0.29
Bank deposits with more than 12 months maturity	0.39	0.39	0.39	0.39
Total financial assets	3,330.16	3,330.16	1,958.73	1,958.73
Financial Liabilities				
Borrowings	1,599.25	1,599.25	1,283.18	1,283.18
Trade payables	2,564.09	2,564.09	1,157.90	1,157.90
Interest accrued but not due	13.54	13.54	1.49	1.49
Creditor for capital goods	4,917.23	4,917.23	59.64	59.64
Dividend payable on preference shares	15.78	15.78	-	-
Interim dividend payable on equity shares	-	-	704.60	704.60
Employee benefits payable	130.30	130.30	34.49	34.49
Retention money	11.27	11.27	12.65	12.65
Other	1.00	1.00	0.50	0.50
Total financial liabilities	9,252.46	9,252.46	3,254.45	3,254.45

The carrying amounts of trade receivables, trade payables, other receivables, bank deposits with more than 12 months maturity, creditors for capital goods, cash and cash equivalents and bank balances other than cash and cash equivalents, interest accrued but not due, dividend payable on preference share, interim dividend payable on equity shares, employee benefit payables, retention money, other financial liabilities are considered to be the same as their fair values.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

(iv) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes including level 3 fair values.

Notes to the Financial Statements

Note 27.8: Financial risk management

1. Business activities of the Company expose it to a variety of financial risks, namely market risks (that is foreign exchange risk, interest rate risk), credit risk and liquidity risk. The management of the Company has the overall responsibility for the establishment and oversight of risk management framework of the Company. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring risk management policies of the Company. The risk management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the activities of the Company. The risk management of the Company focuses on the unpredictability of these elements and seeks to minimise the potential adverse effects on its financial performance.

2. The Risk Management Committee of the Company is supported by the Finance department that provides assurance that the financial risk activities of the Company are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the policies and risk objectives of the Company. The Finance department activities are designed to:

- protect the financial results of the Company and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the financial investments of the Company, while maximising returns.

The Finance department is responsible to maximise the return on companies internally generated funds.

(a) Management of liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The approach of the Company to manage liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine the credit rating of the Company and impair investor confidence.

(i) Maturities of financial liabilities

The following table shows the maturity analysis of the financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the Balance sheet date:

(₹ lakhs)					
As at March 31, 2019	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	14	1,599.25	745.90	853.35	1,599.25
Trade payables	19	2,564.09	2,564.09	-	2,564.09
Other financial liabilities	15	5,080.59	5,080.59	-	5,080.59
Total non-derivative liabilities		9,243.93	8,390.58	853.35	9,243.93

(₹ lakhs)					
As at March 31, 2018	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	14	1,283.18	1,283.18	-	1,283.18
Trade payables	19	1,157.90	1,157.90	-	1,157.90
Other financial liabilities	15	811.77	811.77	-	811.77
Total non-derivative liabilities		3,252.85	3,252.85	-	3,252.85

Notes to the Financial Statements

b) Management of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

i) Trade Receivables

Sales to a new party is usually against advance | under a Letter of Credit (LC). As a policy LC of only top banks is accepted. More than 50% of sales is either on advance or under LC. Further, trade receivables for sales on open terms are monitored monthly and in case of overdue, timely alerts are provided. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

ii) Other financial assets

The Company maintains exposure in cash and cash equivalents and term deposits with banks. The same are maintained with banks or financial institutes of repute. Credit limits and concentration of exposure are actively monitored by the finance department of the Company.

The maximum exposure to credit risk as at March 31, 2019 and March 31, 2018 is the carrying value of each class of financial assets as disclosed in Note 4, 5, 9, 10, and 11.

(c) Management of market risk

The size and nature of operations of company expose it to various market risks which may affect the income and expenses of the Company, or the value of its financial instruments. The objective of the management of the Company of market risk is to maintain this risk within acceptable parameters, while optimising returns. The exposure of the Company to, and management of, these risks is explained below:

(i) Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency (INR) of the Company. The risk is measured through a forecast of highly probable foreign currency cash flows.

The above risks may affect the income and expenses of the Company, or the value of its financial instruments. The objective of the management of the Company of market risk is to maintain this risk within acceptable parameters, while optimising returns. The exposure of the Company to, and management of, these risks is explained below:

i a) Foreign currency risk exposure:

The exposure of the Company to foreign currency risk at the end of the reporting period, are as follows

Particulars	(₹ lakhs)			
	As at March 31, 2019		As at March 31, 2018	
	Amount in \$	Amount in ₹	Amount in \$	Amount in ₹
Financial assets	-	-	-	-
Trade receivables	1.02	70.33	1.86	120.70
Other receivable	-	-	-	-
Net exposure to foreign currency risk (assets)	1.02	70.33	1.86	120.70
Financial liabilities	-	-	-	-
Trade payables	6.65	460.01	4.69	305.18
Capital creditors	-	-	-	-
Others	-	-	-	-
Net exposure to foreign currency risk (liabilities)	6.65	460.01	4.69	305.18
Net exposure to foreign currency risk	(5.63)	(389.68)	(2.83)	(184.48)

Notes to the Financial Statements

i b) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from recognised financial assets and liabilities not denominated in Indian rupee (INR) and future commercial transactions. The following table explains the sensitivity of profit or (loss) with respect to movement of exchange rate on net open position as on balance sheet date:

Particulars	Impact on profit	
	(₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
USD sensitivity		
INR depreciates against USD by ₹ 1	(5.63)	(2.84)
INR appreciates against USD by ₹ 1	5.63	2.84

(ii) Cash flow and fair value interest rate risk

The main interest rate risk of the Company arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Some part of the borrowings of the Company are at variable rates denominated in INR. The Company manages interest rate risks by keeping mixture of loans from group and third parties with fixed as well as floating rate loans. The borrowings are at amortised cost. Further the Company keeps a watch on RBI policy and market movements to arrive at decision so as to hedge the exposure or keep it open.

ii a) Interest rate risk exposure

The exposure of the borrowing of the Company to interest rate changes at the end of the reporting period are as follows:

Particulars	Impact on profit	
	(₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Variable rate borrowings	449.25	133.18
Fixed rate borrowings	1,150.00	1,150.00
Total borrowings	1,599.25	1,283.18

ii b) Sensitivity

Profit or loss is sensitive to higher | lower interest expense from borrowings as a result of changes in interest rates. The following table depicts the sensitivity of profit | loss with respect to changes in interest rate

Particulars	Impact on profit	
	(₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Interest rates – increase by 100 basis points	(4.49)	(1.33)
Interest rates – decrease by 100 basis points	4.49	1.33
* Holding all other variables constant		

Note 27.9: Capital management

The primary objective of the capital management of the Company is to maximise shareholder value. The Company monitors capital using Debt-Equity ratio, which is total debt divided by total equity.

For the purposes of capital management, the Company considers the following components of its Balance Sheet to manage capital:

Total equity includes retained earnings, share capital, security premium, other comprehensive income | loss, capital contribution and equity capital pending allotment of shares. Total debt includes current debt plus non-current debt.

Particulars	Impact on profit	
	(₹)	
	As at March 31, 2019	As at March 31, 2018
Total debt	1,599.25	1,284.67
Total equity	6,164.55	2,358.90
Debt-Equity ratio	0.26	0.54

Notes to the Financial Statements

Note 27.10 Segment information

The operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance, has been identified as the Managing Director of the Company. The Company operates in only one business segment i.e. Active Pharmaceutical Ingredient (API) intermediates. Further, since the revenue generated in India and non-current assets other than financial assets located within India are greater than 90% of the total revenue and total non-current assets other than financial assets respectively of the Company, hence the Company does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

Revenue of approximately ₹ 3,563.36 lakhs ₹ 969.73 lakhs and ₹ 953.32 lakhs (March 31, 2018 : ₹ 2,422.24 lakhs ₹ 940.64 lakhs and ₹ 675.10 lakhs) are derived from three external customers attributable to the Active Pharmaceutical Ingredient (API) intermediates segment.

Note 27.11 Earnings per share

Basic Earnings per share (BEPS) - The numerators and denominators used to calculate basic EPS

Particulars		2018-19	2017-18
Profit for the year attributable to the equity shareholders	(₹ lakhs)	806.34	928.87
Basic number of equity shares outstanding during the year	Number	15,385,505	10,840,050
Weighted average number of equity shares outstanding during the year	Number	11,911,034	10,840,050
Nominal value of equity share	₹	10	10
Basic Earnings per equity share attributable to equity shareholders of the Company	₹	6.77	8.57

Weighted average number of shares used as the denominator

Particulars		As at March 31, 2019	As at March 31, 2018
Opening balance		10,840,050	10,840,050
Effect of fresh issue of shares for cash		4,545,455	-
Closing balance		15,385,505	10,840,050

Diluted Earnings per share (DEPS) - The numerators and denominators used to calculate diluted EPS:

Particulars		2018-19	2017-18
Profit for the year attributable to the equity shareholders	(₹ lakhs)	822.12	928.87
Weighted average number of equity shares adjusted for effect of dilution	Number	12,807,672	10,840,050
Nominal value of equity share	₹	10	10
Diluted Earnings per equity share attributable to equity shareholders of the Company		6.42	8.57

Weighted average number of shares used as the denominator

Particulars		As at March 31, 2019	As at March 31, 2018
Opening balance		10,840,050	10,840,050
Adjustment for effect of dilution		1,967,622	-
Closing balance		12,807,672	10,840,050

Notes to the Financial Statements

Note 27.12 Disclosure requirement under MSMED Act, 2006

The Company has certain dues to suppliers (trade and capital) registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	(₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	15.12	2.46
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.02	0.03
Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	3.04	4.39
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.02	0.02
Further interest remaining due and payable for earlier years	-	-

Note:

- 1) Outstanding as at March 31, 2019 includes creditor for capital goods of ₹ 0.46 lakhs
- 2) Above disclosures have been made based on information available with the Company, for suppliers who are registered as Micro, Small and Medium Enterprise under 'The Micro, Small and Medium Enterprise Development Act, 2006' as at March 31, 2019. The auditors have relied upon in respect of this matter.

Notes to the Financial Statements

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Note 27.13 Business Combination

a) Brief of the transaction

During the year the Company acquired manufacturing facilities of Polydrug Laboratories Pvt Ltd based at Ambarnath additional MIDC through slump sale as a continuing business effective January 01, 2019. The transaction has been entered by the Company to move ahead in value chain from Active Pharmaceutical ingredient (API) Intermediates manufacturer to an API Manufacturer.

b) Consideration

The total consideration paid | payable for acquisition was ₹ 8,037.59 lakhs in cash.

c) The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

Particulars	Amount
<i>(₹ lakhs)</i>	
Assets	
Leasehold Land	2,578.59
Buildings	1,023.49
Roads	9.85
Plant and equipment	1,073.42
Office equipment and Furniture	18.17
Vehicle	0.08
Computer software	13.91
Inventories	
Raw materials and packing materials	396.99
Work-in-progress	153.74
Finished goods	62.63
Stores, spares and fuel	16.86
Trade receivables	2,603.18
Other receivables	26.36
Other current assets	39.07
Total assets	8,016.34
Liabilities	
Trade payables	834.88
Total liabilities	834.88
Net identifiable assets acquired	7,181.46

d) Calculation of Goodwill

Particulars	Amount
<i>(₹ lakhs)</i>	
Total Consideration	8,037.59
Net identifiable assets	7,181.46
Goodwill	856.13

Goodwill is attributable to employees, processes etc. The same will be tax deductible.

e) Acquired receivables

Particulars	Amount
<i>(₹ lakhs)</i>	
Fair value of acquired trade receivables	2,603.18
Gross contractual amount for trade receivables	2,603.18
Contractual cash flows not expected to be collected	-

f) Acquisition related costs

Acquisition related costs of ₹ 308.32 lakhs have been charged to profit and loss account in terms of Ind AS 103.

g) Purchase consideration – cash outflow

<i>(₹ lakhs)</i>	
Particulars	2018-19
Net outflow of cash – investing activities	4,291.68

h) Pursuant to the above, figures of current year are not comparable to those of previous year.

Notes to the Financial Statements

Note 27.14 Expenditure on Corporate Social Responsibility initiatives

- a) Gross amount required to be spent by the Company during 2018-19 is ₹ 22.49 lakhs
b) Amount spent during 2018-19 on:

Particulars	(₹ lakhs)		
	Paid	Yet to be paid	Total
i) Construction acquisition of any asset	-	-	-
ii) On purposes other than (i) above	22.50	-	22.50

Note 27.15 Regrouped | Recast | Reclassified

Figures of the previous year have been regrouped | recast | reclassified wherever necessary.

Note 27.16 Authorisation for issue of the Financial Statement

The Financial Statements were authorised for issue by the Board of Directors on April 17, 2019.

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

Samir R. Shah
Partner

P C Pophali
Chief Financial Officer

R Kumar
Company Secretary

Mumbai
April 25, 2019

T R Gopi Kannan

P H Lele

R R Iyer

A V Dangi

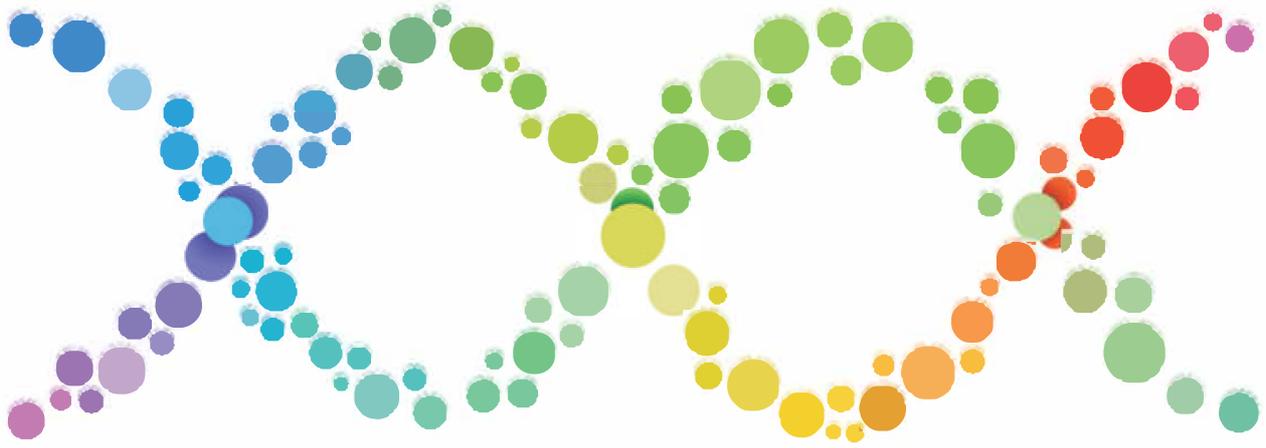
S R Tripathi

A S Lalbhai
Directors

S S Lalbhai
Chairman

P Chebiyyam
Managing Director

Mumbai
April 17, 2019



Corporate Information

Directors

Mr Sunil Lalbhai
(Chairman)

Dr Prabhakar Chebiyyam
(Managing Director)

Dr Ajit Dangi

Mr Rangaswamy Iyer

Mr Pramod Lele

Mr Gopi Kannan Thirukonda

Mr Sharat Tripathi

Ms Astha Lalbhai

Company Secretary

Mr Rajeev Kumar

Statutory Auditors

Deloitte Haskins & Sells LLP

Cost Auditors

R Nanabhoy & Co

Registered office

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Atul 396 020, Gujarat India
E-mail address: sec@atulbio.co.in
Website: www.atulbio.co.in

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Axis Bank
State Bank of India

Atul Bioscience Ltd

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Atul 396 020, Gujarat
India