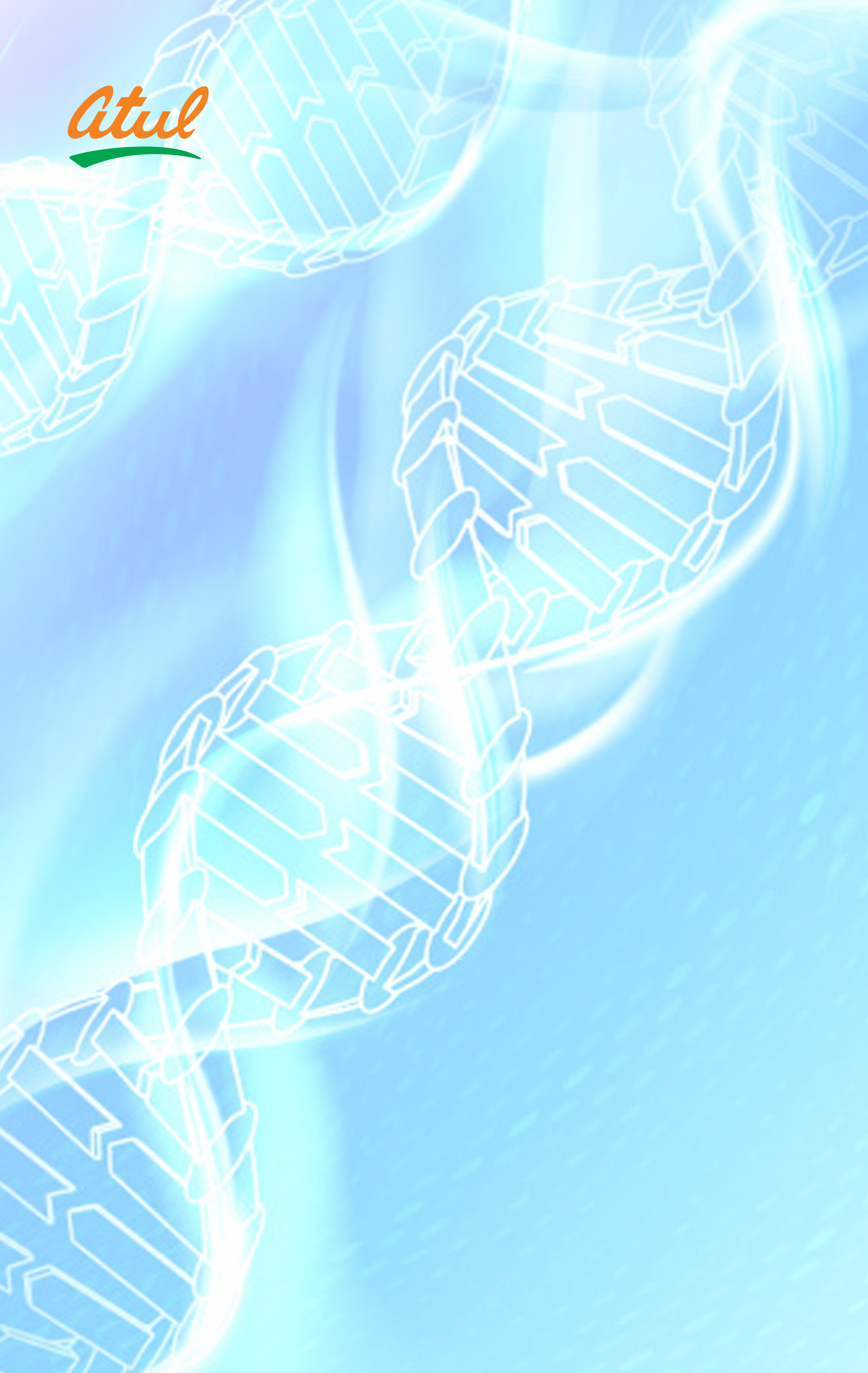


Atul Bioscience Ltd

Annual Report 2019-20

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 reflect 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.

Contents

If there is no struggle, there is no progress.
~ Frederick Douglass

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 assumptions. 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.

Corporate identity

Atul Bioscience Ltd (ABL) is engaged in the manufacturing and marketing of Active Pharma Ingredients (API) and their 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-fungal, 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.

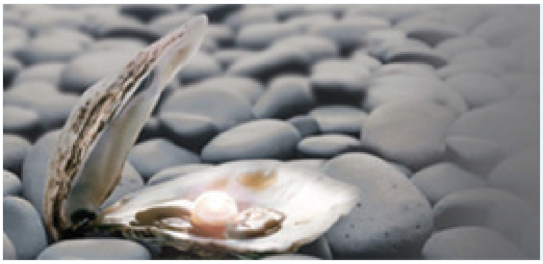
Indomitable Purpose

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

Ingrained 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 ensured 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


Mr Gopi Kannan Thirukonda


Mr Sharat Tripathi


Mr Pramod Lele


Mr Rangaswamy Iyer


Dr Ajit Dangi


Ms Astha Lalbhai

Dear Members,

The Board of Directors (Board) presents the Annual Report of Atul Bioscience Ltd together with the audited Financial Statements for the year ended March 31, 2020.

01. Financial results

(₹ *lakhs*)

	2019-20	2018-19
Sales	10,488	10,431
Revenue from operations	10,679	10,510
Other income	24	7
Total revenue	10,703	10,517
Profit | (Loss) before tax	(201)	1,268
Provision for tax	73	462
Profit | (Loss) for the year	(128)	806
Balance brought forward	1,909	1,104
Transfer from comprehensive income	(3)	(1)
Disposable surplus	1,778	1,909
Less:		
Dividend	76	-
Dividend distribution tax (net)	16	-
Balance carried forward	1,686	1,909

02. Performance

Sales increased by 0.55% from to ₹ 10,431 to ₹ 10,488 lakhs. Sales in India decreased by 13% from ₹ 10,118 lakhs to ₹ 8,813 lakhs. Sales outside India increased by 435% from ₹ 313 lakhs to ₹ 1,675.67 lakhs. Profit before tax decreased by 116% from ₹ 1,268 lakhs to ₹ (201) lakhs. The earnings per share decreased from ₹ 6.77 to ₹ (0.45), while the operating profit before working capital decreased by 32% from ₹ 1,913 lakhs to ₹ 1,292 lakhs, the net cash flow from operating activities decreased by 3% from ₹ 689 lakhs to ₹ 667 lakhs.

The borrowings of the Company increased (including current maturities of long-term borrowings) by 327% from ₹ 1,612 lakhs to ₹ 6,879 lakhs.

03. Dividend

Due to loss for the financial year 2019-20, the Board does not recommend dividend for the period.

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 10.

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 Management assessed the effectiveness of the internal financial controls over financial reporting as of March 31, 2020 and the Board believes that the controls are adequate.

08. Fixed deposits

During 2019-20, the Company did not accept any fixed deposits.

09. Loans, guarantees, investments and security

Particulars of loans, guarantees, investments and security provided during 2019-20 are given at page number 62.

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 67. 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 11.

13. Extract of the Annual Return

This is given at page number 13.

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 2019-20 on July 23, 2019.

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, 2020 were prepared on a going concern basis.

15.5 Adequate internal financial controls to be followed by the Company were laid down and they 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 According to Article 153 of the Articles of Association of the Company, Mr S S Lalbhai (Director identification number: 00045590) who retires by rotation, and being eligible, offers himself for reappointment at the forthcoming AGM scheduled on July 21, 2020.

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 3.6 of Annexure to Directors' Report.

16.3 Criteria and method of annual evaluation

16.3.1 The criteria for evaluation of performance of
a) the Non-independent Directors (Executive)
b) the Non-independent Directors (Non-executive)
c) the Independent Directors d) the Chairman
e) the Committees of the Board and
f) the Board as a whole are summarised in the table given below:

Evaluation of	Evaluation by	Criteria
Non-independent Directors (Executive)	Independent Directors	Qualification, Experience, Availability and attendance, Integrity, Commitment, Governance, Transparency, Communication, Business leadership, Investor relations
Non-independent Directors (Non-executive)	Independent Directors	Qualification, Experience, Availability and attendance, Integrity, Commitment, Governance, Transparency, Communication, Preparedness, Participation and Value addition
Independent Directors	All other Board Members	Qualification, Experience, Availability and attendance, Integrity, Commitment, Governance, Transparency, Communication, Preparedness, Participation and Value addition
Chairman	Independent Directors	Qualification, Experience, Availability and attendance, Integrity, Commitment, Governance, Transparency, Communication, Business leadership and Meeting conduct
Committees	Board Members	Composition, Process and Dynamics
Board as a whole	Independent Directors	Composition, Process and Dynamics

16.3.2 The Independent Directors have carried out annual:

i) review of performance of the Non-independent Directors – Executive,

ii) review of performance of the Non-independent Directors – Non executive,

iii) review of performance of the Chairman,

iv) assessment of quality, quantity and timeliness of the flow of information to the Board and

v) review of performance of the Board as a whole.

16.3.3 The Board has carried out annual evaluation of performance of:

i) its Committees namely Audit, Nomination and Remuneration, Corporate Social Responsibility

ii) the Independent Directors

The templates for the above purpose were circulated in advance for feedback of the Directors.

17. Key Managerial Personnel and other employees

17.1 Appointments and cessations of Key Managerial Personnel

There were no appointments | cessations of the Key Managerial Personnel during 2019-20.

17.2 Remuneration

The Remuneration Policy of the Key Managerial Personnel and other employees consists 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 19.

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 21. Details about the number of meetings of the Board held during 2019-20 are given at page number 24. The composition of the Audit Committee is given at page number 27.

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

20.3 Secretarial standards

Secretarial standards as applicable to the Company were followed and complied with during 2019-20.

21. COVID-19

The COVID-19 pandemic is a worldwide crisis and has meant that the economies will have to operate alongside the disease, now as the attention has started shifting from lockdown to safe reopening.

The Company strictly followed the guidelines issued by the local, state and Central governments and beyond to protect the health and well-being of its workforce and ensured minimum disruption to its customers.

The Company closed its manufacturing facilities for a month and is taking all possible steps required to adjust to the new normal of working and growing. The demand is expected to remain uncertain in the foreseeable future.

22. 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

Atul
April 23, 2020

(Sunil Siddharth Lalbhai)
Chairman

Index

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

1.1 Conservation of energy

1.1.1 Measures taken:

i) optimisation of operations of chilled water pumps during reactions

ii) monitoring and maintaining optimum level of temperatures

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 three 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 18 countries. Sales outside India* increased by 435% to ₹ 1,675.67 lakhs from ₹ 313 lakhs of the previous year, mainly due to the Ambernath facility. 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

(₹ *lakhs*)

Particulars	2019-20	2018-19
Earnings		
Exports - FOB value	1,675.67	313.00
Outgo		
Payment for raw materials and capital goods	1,149.93	1,288.41
Payment for commission and others	18.41	0.63

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) 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

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

i) Education and Empowerment
   a. Establish and | or support schools
   b. Establish and | or support colleges
   c. Establish and | or support vocational institutes
   d. Encourage sports
   e. Promote integrated development of tribal areas

ii) Health and Relief
   a. Enhance rural hygiene and sanitation
   b. Establish mobile medical care facilities
   c. Organise medical camps
   d. Establish medical care centres
   e. Assist during natural calamities

iii) Infrastructure and Conservation
   a. Protect environment
   b. Develop and | or maintain rural utilities
   c. Develop and | or maintain rural amenities
   d. Restore sites of historical importance
   e. Promote use of renewable resources

Please refer to the following URL for details of policy, programs and projects:
www.atulbio.co.in/investors

2.2 Committee

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

2.3 Expenditure: determination and actual spent

(₹ lakhs)

Particulars	Amount
Average net profit of the Company for the last three financial years	1,267.82
Prescribed CSR expenditure, at 2% of above	25.36
Total amount spent for the financial year	25.36
Amount unspent by the Company	nil

2.4 Manner in which spent

(₹ lakhs)

No.	Program	Project | Activity	Location	Outlay for the year		Cumulative expenditure up to reporting period	Implementing agency
			Village, District (State)	Budget	Spent		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1.	Health	Improvement of hygiene through construction of toilets	Chanvai, Valsad (Gujarat)	4.36	4.36		AFT | ARDF
2.	Infrastructure	Model Anganwadi project	Villages[1], Valsad (Gujarat)	21.00	21.00		AFT | ARDF
Total direct expenditure				**25.36**	**25.36**		

AFT: Atul Foundation Trust

ARDF: Atul Rural Development Fund Trust

[1]Four villages covered under Model Anganwadi project: *Atul*, Bhagod, Dived and Magod

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
C Prabhakar	P H Lele

3. Extract of the Annual Return

Form number MGT - 9

Extract of the Annual Return as on March 31, 2020

{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

- Corporate identification number: 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: E-12, East Site, 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, Telephone: (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*
1.	Pharmaceuticals and 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 Ltd 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, 2019)				Number of shares held at the end of the year (as at March 31, 2020)				% change during the year
		Physical	Demat	Total	% of total shares	Physical	Demat	Total	% of total shares	
A.	**Shareholding of the promoter and the promoter group**									
1.	Indian									
a)	Individuals | Hindu Undivided Family	–	–	–	–	–	–	–	–	–
b)	Central Government | State government(s)	–	–	–	–	–	–	–	–	–
c)	Bodies corporate	36	1,53,85,469	1,53,85,505	100	36	2,90,21,832	2,90,21,868	100	88.63
d)	Financial institutions | Banks	–	–	–	–	–	–	–	–	–
e)	Any other	–	–	–	–	–	–	–	–	–
	Sub total (A)(1)	**36**	**1,53,85,469**	**1,53,85,505**	**100**	**36**	**2,90,21,832**	**2,90,21,868**	**100**	**88.63**
2.	Foreign									
a)	Individuals (Non-Resident Indians | Foreign individuals)	–	–	–	–	–	–	–	–	–
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)	**36**	**1,53,85,469**	**1,53,85,505**	**100**	**36**	**2,90,21,832**	**2,90,21,868**	**100**	**88.63**
B.	**Public shareholding**									
1.	Institutions									
a)	Mutual funds	–	–	–	–	–	–	–	–	–
b)	Financial institutions | Banks	–	–	–	–	–	–	–	–	–
c)	Central Government | State government(s)	–	–	–	–	–	–	–	–	–
d)	Venture capital funds	–	–	–	–	–	–	–	–	–
e)	Insurance companies	–	–	–	–	–	–	–	–	–
f)	Foreign institutional investors	–	–	–	–	–	–	–	–	–
g)	Foreign venture capital investors	–	–	–	–	–	–	–	–	–
h)	Trusts	–	–	–	–	–	–	–	–	–

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

3.4.1 Category-wise shareholding (continued)

Category code	Category of shareholders	Number of shares held at the beginning of the year (as at April 01, 2019)				Number of shares held at the end of the year (as at March 31, 2020)				% change during the year
		Physical	Demat	Total	% of total shares	Physical	Demat	Total	% of total shares	
	Subtotal (B)(1)	–	–	–	–	–	–	–	–	–
2.	Non-institutions									
a)	Bodies corporate									
	i) Indian	–	–	–	–	–	–	–	–	–
	ii) Overseas	–	–	–	–	–	–	–	–	–
b)	Individuals	–	–	–	–	–	–	–	–	–
	i) Shareholders holding nominal share capital up to ₹ 1 lakh	–	–	–	–	–	–	–	–	–
	ii) Shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c)	Non-Resident Indians (NRI)	–	–	–	–	–	–	–	–	–
	i) NRI repatriable	–	–	–	–	–	–	–	–	–
	ii) NRI non-repatriable	–	–	–	–	–	–	–	–	–
	iii) Foreign bodies	–	–	–	–	–	–	–	–	–
	iv) Foreign nationals	–	–	–	–	–	–	–	–	–
d)	Any other	–	–	–	–	–	–	–	–	–
	Sub total (B)(2)	–	–	–	–	–	–	–	–	–
	Total public shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
	Total (A)+(B)	**36**	**1,53,85,469**	**1,53,85,505**	**100**	**36**	**2,90,21,832**	**2,90,21,868**	**100**	**88.63**
C.	**Shares held by custodians and against which depository receipts have been issued**									
1.	Promoter and promoter group	–	–	–	–	–	–	–	–	–
2.	Public	–	–	–	–	–	–	–	–	–
	Sub total (C)	–	–	–	–	–	–	–	–	–
	Grand total (A)+(B)+(C)	**36**	**1,53,85,469**	**1,53,85,505**	**100**	**36**	**2,90,21,832**	**2,90,21,868**	**100**	**88.63**

3.4.2 Shareholding of the promoters

No.	Name of the shareholder	Shareholding as at April 01, 2019			Shareholding as at March 31, 2020			% 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	
1.	Atul Ltd	1,53,85,505	100	–	2,90,21,868	100	–	88.63
	Total	**1,53,85,505**	**100**	**–**	**2,90,21,868**	**100**	**–**	**88.63**

3.4.3 Change in shareholding of the promoters

No.	Particulars	Reason for change	Shareholding as at April 01, 2019		Cumulative shareholding during 2019-20	
			Number of shares held	% of total shares of the Company	Number of shares held	% of total shares of the Company
A.	Companies					
	At the beginning of the year		1,53,85,505	100.00	1,53,85,505	100.00
	Increase | Decrease during the year	Conversion of preference shares into equity shares	1,36,36,363	46.99	2,90,21,868	100.00
	At the end of the year		2,90,21,868	100.00	2,90,21,868	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): not applicable

3.4.5 Shareholding of the Directors and the Key Managerial Personnel: nil

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	232.55	1,366.70	–	1,599.25
ii) Interest due, but not paid	–	–	–	–
iii) Interest accrued, but not due	0.05	13.50	–	13.54
Total i) + ii) + iii)	**232.60**	**1,380.20**	**–**	**1,612.80**
Change in indebtedness during the financial year				
Addition	3,767.52	2,190.66	–	5,958.18
Reduction	(270.97)	(420.86)	–	(691.83)
Net change	3,496.55	1,769.80	–	5,266.35
Indebtedness at the end of the financial year	3,729.15	3,150.00	–	6,879.15
i) Principal amount	3,729.15	3,150.00	–	6,879.15
ii) Interest due, but not paid	–	–	–	–
iii) Interest accrued, but not due	–	0.01	–	0.01
Total i) + ii) + iii)	**3,729.15**	**3,150.01**	**–**	**6,879.16**

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	C Prabhakar	Total amount
1.	Gross salary		
	Salary as per provisions under Section 17(1) of the Income Tax Act, 1961	59.38	59.38
	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	–	–
2.	Stock option	–	–
3.	Sweat equity	–	–
4.	Commission	–	–
5.	Variable pay	–	–
6.	Others	–	–
7.	Total (A)	59.38	59.38
8.	Overall ceiling as per the Act		84.00

3.6.2 Remuneration to the other Directors

(₹ lakhs)

No.	Particulars	P H Lele	R R Iyer	A V Dangi	Total amount
1.	Non-executive Independent Directors				
	a. Fee for attending the Board, Committee and other meetings	1.80	1.20	1.20	4.20
	b. Commission	–	–	–	–
	Total 1	1.80	1.20	1.20	4.20
2.	Non-executive Non-independent Directors				
	a. Fee for attending the Board, Committee and other meetings	–	–	–	–
	b. Commission	–	–	–	–
	Total 2	–	–	–	–
	Total (B) = (1+2)	**1.80**	**1.20**	**1.20**	**4.20**
	Total managerial remuneration (A+B)				**63.58**
	Overall ceiling as per the Act				**84.00**

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

(₹ lakhs)

No.	Particulars	Key Managerial Personnel		
		CS Rajeev Kumar	CFO Pranav C Pophali[1]	Total amount
1.	Gross salary			
	Salary as per provisions under Section 17(1) of the Income Tax Act, 1961	8.70	20.24	28.94
	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	–	–	–
2.	Stock option	–	–	–
3.	Sweat equity	–	–	–
4.	Commission	–	–	–
5.	Others	–	–	–
	Total	**8.70**	**20.24**	**28.94**

[1]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, 2020.

The business of Atul Bioscience Ltd (ABL) mainly comprises manufacturing and marketing of Active Pharma Ingredients (API) and their intermediates. The products manufactured at *Atul* and Ambernath are used by customers belonging to the Pharmaceutical industry, under six broad therapeutic categories, namely, anti-depressant, anti-diabetic, anti-infective, anti-fungal, anti-retroviral and cardiovascular. The portfolio of the Company comprises 20 products, five of which are relatively new.

During 2019-20, the Company has focused on the production of advanced API intermediates, sales of which increased by 0.55% from ₹ 10,431 lakhs to ₹ 10,488 lakhs.

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. Of this, the size of the world API industry is estimated to be US$ 160 bn. There are about 20 major companies that share 55% of the world market of prescription drugs and the major 20 generic companies dominate the generic drug space with a share of about 83%. Five of these top 20 generic companies are Indian.

The main user industry, namely, Pharmaceutical, is growing well due to the increasing awareness about lifestyle 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 and v) forming long-term strategic alliances with other companies.

The prices of some products may vary wildly over the short-term. Fluctuations in foreign exchange may also impact input prices and sales realisations. The uncertainties associated with the pandemic COVID-19 may have adverse impact on the demand and supply chain in the short-term, and the Company is working to minimise the impact of such aberrations to sustain the operations and identify new opportunities to grow.

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 Senior 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 considers its people to be its biggest asset. 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 2019-20, succession planning was institutionalised and the performance management process was further refined to foster a performance oriented culture. The Company is planning to further strengthen its HR processes particularly using 'technology' to empower and develop people, unlock the capacity for growth and build capabilities for the future. Employee relations remained cordial and progressive.

Whatever you get by achieving your goals is not as important as what you become by achieving your goals.

~ Gautama Buddha

1. Philosophy

Transparency and accountability are the two basic tenets of Corporate Governance. Atul Bioscience Ltd 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) a 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-date

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 five years.

2.3 Composition, name, other directorships | committee memberships

The Board comprises experts drawn from diverse fields | professions. At this time, it consists of eight Members comprising seven Non-executive Directors (three Independent and four Non-independent and one 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	6	3	1
	Managing Director			
2.	C Prabhakar	–	–	–
	Non-executive Directors			
3.	T R Gopi Kannan	8	4	1
4.	S R Tripathi	2	–	–
5.	P H Lele	2	–	2
6.	R R Iyer	1	–	–
7	A V Dangi	–	1	–
8	A S Lalbhai	–	–	–

[1]This 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.

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 2019-20, the Board met four times.

No.	Day	Date	Venue
1.	Wednesday	April 17, 2019	Mumbai
2.	Friday	July 19, 2019	Mumbai
3.	Friday	October 18, 2019	Mumbai
4.	Friday	January 17, 2020	Mumbai

2.5 Attendance at the Board meetings and the AGM

No.	Name	Board meetings		AGM on July 23, 2019
		Total	Attended	
1.	S S Lalbhai	4	4	Present
2.	C Prabhakar	4	4	Present
3.	T R Gopi Kannan	4	4	Present
4.	S R Tripathi	4	4	Present
5.	P H Lele	4	4	–
6.	R R Iyer	4	3	–
7.	A V Dangi	4	3	–
8.	A S Lalbhai	4	4	–

2.6 Appointment | Cessation

- Appointed: nil
- Ceased: nil
- Resigned: nil

2.7 Remuneration

(₹)

No.	Name	Remuneration during 2019-20			
		Sitting fees	Salary and perquisites[2]	Commission	Total
	Chairman				
1.	S S Lalbhai	–	–	–	–
	Managing Director				
2.	C Prabhakar	–	59,38,455	–	59,38,455
	Non-executive Directors[1]				
3.	T R Gopi Kannan	–	–	–	–
4.	S R Tripathi	–	–	–	–
5.	P H Lele	1,80,000	–	–	1,80,000
6.	R R Iyer	1,20,000	–	–	1,20,000
7.	A V Dangi	1,20,000	–	–	1,20,000
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 % of the remuneration paid by Atul Ltd to the Managing Director (being an employee of Atul Ltd) 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 ₹ 59,38,455 was paid to Atul Ltd for the year 2019-20.

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

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

vi) 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 non-compliances 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

vii) Others

» determining procedures for risk assessment and minimisation, and reviewing them periodically to ensure that the Senior 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.	T R Gopi Kannan	Member
3.	R R Iyer	Member
4.	A V Dangi	Member

3.1.3 Meetings and attendance

During 2019-20, four meetings were held.

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

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 2019-20, no meeting was held.

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 three 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 2019-20, one 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 www.atulbio.co.in/investors

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 2019-20 are as under:

Filed during 2019-20	nil
Disposed of during 2019-20	nil
Pending as on end of 2019-20	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/investors

4.5 Credit ratings

CARE Ratings Ltd assigned its credit rating with suitable outlook at CARE A2+ (A two plus) for short-term borrowings and CARE A- (A minus) for long-term borrowings.

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, amongst others, during 2019-20 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 three 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 three AGMs were held:

Year	Location	Date	Time
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
2018-19	Atul 396 020, Gujarat, India	July 23, 2019	10:30 am

6.1.2 Special resolutions were passed in the two AGMs, 2016-17 and 2017-18.

6.1.3 Location and time, where last EOGM was held:

Year	Location	Date	Time
2019-20	Atul 396 020, Gujarat, India	April 19, 2019	10:00 am

6.1.4 Resolutions passed through postal ballot:

nil

6.2 Annual General Meeting 2020

Details of the 23rd AGM are as under:

Year	Location	Date	Time
2020-21	Atul 396 020, Gujarat, India	July 21, 2020	10:00 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 Location of plant

6.4.1 Atul 396 020, Gujarat, India

6.4.2 Plot no. N-37, Additional Ambernath MIDC area, Ambernath 421 506, Maharashtra, India

6.5 Address for correspondence

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

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

6.6 Tentative Board meeting dates for consideration of results for 2020-21

No.	Particulars	Date
1.	First quarter results	July 17, 2020
2.	Second quarter and half-yearly results	October 16, 2020
3.	Third quarter results	January 22, 2021
4.	Fourth quarter and annual results	April 23, 2021

7. Role of the Company Secretary in overall governance process

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 C Prabhakar, 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 23, 2020 in which the accounts for the year ended March 31, 2020 were considered and approved by the Board.

For Atul Bioscience Ltd

Atul
April 23, 2020

(C Prabhakar)
Managing Director

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of Atul Bioscience Ltd will be held on Tuesday, July 21, 2020, at 10:00 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, 2020 and the Reports of the Directors and the Auditors thereon.

2. To appoint a Director in place of Mr Sunil Siddharth Lalbhai (Director identification number: 00045590) who retires by rotation and being eligible, offers himself for reappointment.

Special business:

3. 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 ₹ 24,000 plus taxes as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2021 as approved by the Board of Directors of the Company, to be paid to R Nanabhoy & Co, Cost Accountants, (Firm registration number: 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 10:00 am on Tuesday, July 21, 2020.

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, 2020 are annexed | attached.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from July 14, 2020 to July 21, 2020 (both days inclusive).

4. 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 the Members are entitled to receive communication in physical form (upon making a request for the same) by post, free of cost.

5. 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.

6. The Members, desiring any information relating to the accounts, are requested to write to the Company at least seven 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.

7. At the ensuing Annual General Meeting, Mr S S Lalbhai (Director identification number: 00045590) retires by rotation and being eligible offers himself for reappointment. The information or details pertaining to him are as under:

Name	**Mr S S Lalbhai**
Date of birth	March 15, 1960
Brief résumé	Mr S S Lalbhai is the Chairman of the Board since 2008. He holds MS Degree in Chemistry from University of Massachusetts and MS Degree in Economic Policy and Planning from Northeastern University.
Directorship in other companies	**Public companies** Amal Ltd – Chairman Atul Ltd – Chairman and Managing Director Atul Rajasthan Date Palms Ltd – Vice Chairman Navin Fluorine International Ltd Pfizer Ltd The Bombay Dyeing and Manufacturing Company Ltd
Membership in committees of other companies	**Chairman of Committees** Atul Ltd – Risk Management Committee Navin Fluorine International Ltd – Nomination and Remuneration Committee Pfizer Ltd – Risk Management Committee The Bombay Dyeing and Manufacturing Company Ltd – Stakeholders Relationship Committee **Member of Committees** Amal Ltd – Nomination and Remuneration Committee Atul Ltd – Corporate Social Responsibility Committee Atul Ltd – Investment Committee Atul Ltd – Stakeholders Relationship Committee Navin Fluorine International Ltd – Audit Committee Pfizer Ltd – Stakeholders Relationship Committee The Bombay Dyeing and Manufacturing Company Ltd – Nomination and Remuneration Committee

Name	Mr S S Lalbhai
Relationship with other Directors	Mr S S Lalbhai and Ms A S Lalbhai are relatives
Number of shares held in the Company	nil

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

Registered office: By order of the Board of Directors

Atul 396 020, Gujarat

India (Rajeev Kumar)

Corporate identification number: U24230GJ1997PLC032369 **Company Secretary**

April 23, 2020

Performance trend

(₹ *lakhs*)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Operating results									
Net sales	10,488	10,431	7,645	5,728	5,475	4,737	3,448	2,661	1,142
Revenue	10,679	10,510	7,685	5,771	5,536	4,944	4,017	2,688	1,316
PBIDT	1,286	1,910	1,815	1,562	1,272	1,108	890	682	305
Interest	496	171	124	155	203	227	266	183	137
PBDT*	790	1,739	1,691	1,408	1,070	881	624	499	168
Depreciation	991	471	321	243	242	287	230	155	82
PBT from operations*	(201)	1,268	1,370	1,165	828	594	394	344	86
Exceptional | non-recurring items	-	-	-	-	-	-	-	-	-
PBT	(201)	1,268	1,370	1,165	828	594	394	344	86
Tax	(73)	462	441	412	281	191	132	15	-
Net profit | (loss)	(128)	806	929	753	547	403	262	329	86
Dividend (including DDT)**	92	-	848	-	-	-	-	-	-
Financial position									
Gross block***	10,954	9,041	3,867	3,529	2,186	2,894	2,972	1,745	1,610
Net block***	9,185	7,854	3,068	3,047	1,946	2,080	2,389	1,393	1,411
Other assets (net)	(2,244)	(91)	574	378	1,829	1,534	728	1,510	526
Capital employed	6,941	7,764	3,642	3,425	3,776	3,614	3,117	2,903	1,937
Equity share capital	2,902	1,539	1,084	1,084	1,084	799	799	799	549
Other equity	4,039	4,626	1,275	1,196	1,224	747	559	297	(33)
Borrowings	6,200	1,386	1,283	1,145	1,468	2,068	1,759	1,807	1,421
Per equity share (₹)									
Dividend	0.50	-	6.50	6.00	-	-	-	-	-
Book value	-	-	-	-	-	19	17	14	9
EPS	(0.45)	6.77	8.57	4.89	5.92	4.80	3.04	4.58	1.23
Key indicators									
PBDIT %	12.25	18.31	23.74	27.27	23.24	23.40	25.84	25.66	26.75
PBDT %	7.53	16.67	22.12	24.57	19.54	18.60	18.12	18.77	14.75
PBT %	(1.91)	12.16	17.92	20.34	15.13	12.54	11.44	12.93	7.56
Interest cost %	4.72	1.64	1.62	2.70	3.70	4.80	7.72	6.89	12.00
Debt-equity ratio	0.89	0.22	0.54	0.50	0.64	1.34	1.30	1.65	2.75
Interest coverage ratio	2.59	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

To the Members of Atul Bioscience Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of Atul Bioscience Ltd (the Company), which comprise the Balance Sheet as at March 31, 2020, 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, 2020, and its loss, total comprehensive loss, 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 Board of Directors of the Company is responsible for the other information. The other information comprises the information included in the Directors' Report and its annexure, Management Discussion and Analysis, Corporate Governance Report and performance trend, but does not include the Financial Statements and our Auditor's Report thereon.
- Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the 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 Board of Directors of the Company 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 loss, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

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

In preparing the Financial Statements, the 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 the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 judgement and maintain professional scepticism 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 controls 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 use of the going concern basis of accounting by the Management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company 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.

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, amongst 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 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 loss, the Statement of Cash Flows and the 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 Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the Directors as on March 31, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2020 from being appointed as a Director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the 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 registration number: 117366W | W-100018

Samir R. Shah

(Partner)

Membership number: 101708

UDIN: 20101708AAAABJ9749

Mumbai

April 23, 2020

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 Ltd (the Company) as of March 31, 2020 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 Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to policies of the Company, 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 internal financial controls of the Company 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

The internal financial control over financial reporting of a company 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 controls over financial reporting includes those policies and procedures that i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; ii) 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 iii) 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 controls 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, 2020, based on the criteria for internal control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm registration number: 117366W | W-100018

Samir R. Shah
(Partner)
Membership number: 101708
UDIN: 20101708AAAABJ9749

Mumbai
April 23, 2020

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 Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, no fixed assets were physically verified by the Management during the previous year.

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 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 property, plant and equipment 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 were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

iii) The Company has not granted 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) The Company has not granted loans, made investments or provided guarantees and hence reporting under Clause (iv) of the Order is not 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 Company's Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013 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, customs duty, cess, goods and services tax and other material statutory dues applicable to it to the appropriate authorities excepting additional provident fund dues based on order of the Honourable Supreme Court of India, dated February 28, 2019. The Company has been regular in depositing the undisputed statutory dues relating to goods and services tax, considering the relief provided to taxpayers by the government vide Notification No. 31/ 2020 dated April 3, 2020.

b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, customs duty, cess, goods and services tax and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable except provident fund of ₹ 3.22 lakhs based on the aforementioned order of the Honourable Supreme Court of India.

c) There are no disputed dues of income tax, customs duty and goods and services tax which have not been deposited as on March 31, 2020.

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 or government and has not issued any debentures.

ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised.

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 I provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

xii) The Company is not a Nidhi Company and hence reporting under Clause (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 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 other than temporary deployment pending application.

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 Companies Act, 2013 are not applicable.

xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm registration number: 117366W | W-100018

Samir R. Shah
(Partner)
Membership number: 101708
UDIN: 20101708AAAABJ9749

Mumbai
April 23, 2020

Balance Sheet as at March 31, 2020

(₹ *lakhs*)

Particulars				Note	As at March 31, 2020	As at March 31, 2019
A	**ASSETS**					
	1	**Non-current assets**				
		a)	Property, plant and equipment	2	7,263.99	7,587.75
		b)	Capital work-in-progress	2	1,921.25	266.75
		c)	Goodwill	3	856.13	856.13
		d)	Other intangible assets	3	1,554.59	1,951.11
		e)	Financial assets			
			i) Investments	4	0.70	0.70
			ii) Other financial assets	5	45.70	26.75
		f)	Income tax assets (net)	6	207.51	110.31
		g)	Other non-current assets	7	-	2.11
		Total non-current assets			**11,849.87**	**10,801.61**
	2	**Current assets**				
		a)	Inventories	8	2,409.27	1,673.97
		b)	Financial assets			
			i) Trade receivables	9	1,857.98	3,281.12
			ii) Cash and cash equivalents	10	366.40	3.76
			iii) Bank balances other than cash and cash equivalents above	11	13.75	12.99
			iv) Other financial assets	5	4.15	5.54
		c)	Other current assets	7	733.10	251.76
		Total current assets			**5,384.65**	**5,229.14**
		Total assets			**17,234.52**	**16,030.75**
B	**EQUITY AND LIABILITIES**					
		Equity				
		a)	Equity share capital	12	2,902.19	1,538.55
		b)	Other equity	13	4,039.28	4,626.00
		Total equity			**6,941.47**	**6,164.55**
		Liabilities				
	1	**Non-current liabilities**				
		a)	Financial liabilities			
			i) Borrowings	14	4,800.29	853.36
			ii) Other financial liabilities	15	24.16	8.53
		b)	Provisions	16	29.98	15.79
		c)	Deferred tax liabilities (net)		195.69	269.42
		Total non-current liabilities			**5,050.12**	**1,147.10**
	2	**Current liabilities**				
		a)	Financial liabilities			
			i) Borrowings	14	1,400.00	532.55
			ii) Trade payables			
			Total outstanding dues of			
			a) Micro enterprises and small enterprises	17	4.16	14.68
			b) Creditors other than micro enterprises and small enterprises	17	1,846.50	2,570.08
			iii) Other financial liabilities	15	1,952.50	5,293.93
		b)	Other current liabilities	18	35.01	300.62
		c)	Provisions	16	4.76	4.37
		d)	Current tax liabilities (net)	19	-	2.87
		Total current liabilities			**5,242.93**	**8,719.10**
		Total liabilities			**10,293.05**	**9,866.20**
		Total equity and liabilities			**17,234.52**	**16,030.75**

The accompanying Notes 1-27.19 form an integral part of the Financial Statements

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

P C Pophali
Chief Financial Officer

S S Lalbhai
Chairman

Samir R. Shah
Partner

R Kumar
Company Secretary

C Prabhakar
Managing Director

Mumbai
April 23, 2020

Atul
April 23, 2020

Statement of Profit and Loss For the year ended March 31, 2020

(₹ *lakhs*)

Particulars	Note	2019-20	2018-19
INCOME			
Revenue from operations	20	10,679.27	10,510.44
Other income	21	23.51	7.01
Total income		**10,702.78**	**10,517.45**
EXPENSES			
Cost of materials consumed	22	7,319.35	6,661.16
Purchases of stock-in-trade		66.73	35.41
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(916.51)	(198.29)
Employee benefit expenses	24	850.67	419.85
Finance costs	25	496.10	170.75
Depreciation and amortisation expenses	2,3	991.37	470.67
Other expenses	26	2,095.79	1,689.47
Total expenses		**10,903.50**	**9,249.02**
Profit | (Loss) before tax		**(200.72)**	**1,268.43**
Tax expense			
Current tax		-	364.23
Deferred tax		(72.88)	97.86
Total tax expense		**(72.88)**	**462.09**
Profit | (Loss) for the year		**(127.84)**	**806.34**
Other comprehensive income			
A) Items that will not be reclassified to profit | loss			
i) Remeasurement gains on defined benefit plans		(3.36)	(0.93)
ii) Income tax on above item		0.85	0.27
Total other comprehensive income		**(2.51)**	**(0.66)**
Total comprehensive income		**(130.35)**	**805.68**
No. of shares		290.22	153.86
Basic earning ₹ per equity share of ₹ 10 each		(0.45)	6.77
Diluted earning ₹ per equity share of ₹ 10 each		(0.45)	6.42

The accompanying Notes 1-27.19 form an integral part of the Financial Statements

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

P C Pophali
Chief Financial Officer

S S Lalbhai
Chairman

Samir R. Shah
Partner

R Kumar
Company Secretary

C Prabhakar
Managing Director

Mumbai
April 23, 2020

Atul
April 23, 2020

Statement of changes in equity for the year ended March 31, 2020

A. Equity share capital

(₹ *lakhs*)

Particulars	Note	Amount
As at March 31, 2018		**1,084.00**
Preferential allotment of equity shares		454.55
As at March 31, 2019		**1,538.55**
Changes in equity share capital	12	1,363.64
As at March 31, 2020		**2,902.19**

B. Other equity

(₹ *lakhs*)

Particulars	Note	Capital contribution from Atul Ltd	Shares pending allotment	Reserves and surplus		Other comprehensive income	Total
				Securities premium	Retained earnings		
As at March 31, 2018				**171.00**	**1,103.85**	**0.04**	**1,274.89**
Profit | (Loss) for the year					806.34	-	806.34
Other comprehensive income						(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 preference 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
As at March 31, 2019		**167.17**	**1,832.83**	**716.43**	**1,910.19**	**(0.62)**	**4,626.00**
Profit | (Loss) for the year	13				**(127.84)**		**(127.84)**
Other comprehensive income						(2.51)	(2.51)
Total comprehensive income for the year		**-**	**-**	**-**	**(127.84)**	**(2.51)**	**(130.35)**
Transactions with owners in their capacity as owners:							
Issue of equity share			(1,832.83)	1,469.20			(363.63)
Dividend paid (including dividend distribution tax)					(92.74)		(92.74)
Balance as at March 31, 2020		**167.17**	**-**	**2,185.63**	**1,689.61**	**(3.13)**	**4,039.28**

The accompanying Notes 1-27.19 form an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

Mumbai
April 23, 2020

For and on behalf of the Board of Directors

P C Pophali
Chief Financial Officer

S S Lalbhai
Chairman

R Kumar
Company Secretary

C Prabhakar
Managing Director

Atul
April 23, 2020

(₹ *lakhs*)

Particulars			2019-20	2018-19
A.	CASH FLOW FROM OPERATING ACTIVITIES			
	Profit | (Loss) before tax		(200.72)	1,268.43
	Add:			
	Depreciation and amortisation expenses		991.37	470.67
	Finance costs		496.10	170.75
	Unrealised exchange rate difference (net)		6.73	(8.71)
	Loss on assets sold or discarded		-	17.27
			1,494.20	**649.98**
			1,293.48	**1,918.41**
	Less:			
	Interest received		1.04	5.00
			1.04	**5.00**
	Operating profit before working capital changes		**1,292.44**	**1,913.41**
	Adjustments for:			
	(Increase) | Decrease in inventories		(735.30)	(662.59)
	(Increase) | Decrease in trade receivables		1,411.41	(1,038.40)
	(Increase) | Decrease in other current financial assets		1.39	(5.25)
	(Increase) | Decrease in other current assets		(481.34)	(160.36)
	(Increase) | Decrease in other non-current assets		2.11	(2.11)
	(Increase) | Decrease in other non-current financial assets		(18.95)	-
	Increase | (Decrease) in trade payables		(729.11)	1,035.04
	Increase | (Decrease) in other current financial liabilities		(92.19)	87.33
	Increase | (Decrease) in non-current financial liabilities		15.63	6.93
	Increase | (Decrease) in other current liabilities		(265.61)	(26.29)
	Increase | (Decrease) in provisions		11.22	7.37
			(880.74)	**(758.33)**
	Cash generated from operations		411.70	1,155.08
	Less: Income tax paid (net)		100.07	465.41
	Net cash from operating activities	A	**311.63**	**689.67**
B.	CASH FLOW FROM INVESTING ACTIVITIES			
	Payments for property, plant and equipment (including capital advances)		(1,716.08)	(509.59)
	Acquisition of manufacturing facility		(3,367.26)	(4,291.68)
	Non-compete fees paid		(557.00)	(343.00)
	Realisation from receivables		-	2,091.68
	Bank deposits matured | (placed)		(0.76)	(0.78)
	Proceeds from sale of property, plant and equipment		-	0.76
	Interest received		1.04	5.00
	Net cash used in investing activities	B	**(5,640.06)**	**(3,047.61)**

(₹ *lakhs*)

Particulars			2019-20	2018-19
C.	CASH FLOW FROM FINANCING ACTIVITIES			
	Proceeds from equity share capital		-	999.98
	Proceeds from issue of preference shares		1,000.02	2,000.00
	(Repayment) of borrowings		(46.08)	(750.62)
	Proceeds from borrowings		5,325.97	1,066.71
	Interest paid		(496.10)	(107.45)
	Dividend on shares (including dividend distribution tax)		(92.74)	(848.04)
	Net cash from | (used) in financing activities	**C**	**5,691.07**	**2,360.58**
	Net increase | (decrease) in cash and cash equivalents	**A+B+C**	**362.64**	**2.64**
	Cash and cash equivalents at the beginning of the financial year		**3.76**	**1.12**
	Cash and cash equivalents at end of the financial year		**366.40**	**3.76**

The accompanying Notes 1-27.19 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 ₹ 25.36 lakhs (March 31, 2019 : ₹ 22.50 lakhs) being expenditure towards Corporate Social Responsibility.

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

P C Pophali
Chief Financial Officer

S S Lalbhai
Chairman

Samir R. Shah
Partner

R Kumar
Company Secretary

C Prabhakar
Managing Director

Mumbai
April 23, 2020

Atul
April 23, 2020

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) intermediates and caters to the needs of customers belonging to the Pharmaceutical industry, under six broad therapeutic categories namely, anti-depressant, anti-diabetic, anti-infective, anti-fungal, anti-retroviral and cardiovascular.

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) The Financial Statements have been prepared on accrual and going concern basis.

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 provided on a pro-rata basis on the straight-line method from the date of acquisition | installation till the date the assets are sold or disposed of:

Asset category	Estimated useful life
Building	up to 60 years
Plant and machinery	up to 20 years
Office equipment	up to 05 years
Computer equipment	up to 06 years
Furniture and fixtures	up to 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 three 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	up to 5 years
Computer software	up to 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 amortised 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.

Derecognition:

A financial asset is derecognised 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 derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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 derecognised 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) Derecognition:

A financial liability is derecognised 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 amortised 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.

l) 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.

m) Income tax:

Income tax expense comprises current tax and deferred tax. Current tax is the tax payable on the taxable income of the current period based on the applicable income tax rates. Deferred tax reflects 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.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments. The Company assesses whether the Appendix has an impact on its Financial Statements.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions based on past experience pertaining to income taxes including those related to transfer pricing. The Company has determined its tax position based on tax compliance and present judicial pronouncements and accordingly expect that its tax treatments will be accepted by the taxation authorities.

n) Trade and trade 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 manufactures and sells Active Pharmaceutical Ingredients (API) and API intermediates, in domestic and international markets.

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 up to 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:

The Company adopted Ind AS 116, 'Lease' using the modified retrospective transition method effective from April 01, 2019. Under this method, the cumulative adjustment for present value of the remaining lease payments of lease contracts existing as on the date of April 01, 2019 has been recognised as a lease liability with an equivalent asset for the right to use. The comparative information of previous year is not restated as permitted by the standard. The adoption of the standard did not have any material impact on these Financial Statements.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: i) the contract involves the use of an identified asset, ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and iii) the Company has the right to direct the use of the asset.

At the commencement date of the lease, the Company recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is lessee, except for short-term leases (leases with a term of twelve months or less), leases of low value assets and, for contract where the lessee and lessor has right to terminate a lease without permission from the other party with no more than an insignificant penalty. The lease expense of such short-term leases, low value assets leases and cancellable leases, are recognised as an operating expense on a straight-line basis over the term of the lease.

At commencement date, lease liability is measured at the present value of the lease payments to be paid during non-cancellable period of the contract, discounted using the incremental borrowing rate. The right-of-use assets is initially recognised at the amount of the initial measurement of the corresponding lease liability, lease payments made at or before commencement date less any lease incentives received and any initial direct costs.

Subsequently the right-of-use asset is measured at cost less accumulated depreciation and any impairment losses. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest rate method) and reducing the carrying amount to reflect the lease payments made. The right-of-use asset and lease liability are also adjusted to reflect any lease modifications or revised in-substance fixed lease payments.

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 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). Non-monetary items that are measured in terms of historical cost in a foreign currency are not valued.

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 recognised in the Statement of Profit and Loss as incurred.

w) Government grants:

i) Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

ii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss in proportion to depreciation over the expected lives of the related assets and presented within other income.

iii) Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Critical estimates and judgements:

Preparation of the 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.

Note 2 Property, plant and equipment

(₹ *lakhs*)

Particulars	Right-to-use asset - leasehold land	Buildings[1]	Plant and equipment	Office equipment and furniture	Vehicles	Total	Capital work-in-progress
Gross carrying amount							
As at March 31, 2018	**-**	**917.25**	**2,827.35**	**51.46**	**-**	**3,796.06**	**71.38**
Additions	-	48.33	242.54	2.54	-	293.41	195.37
Acquisition	2,578.59	1,033.34	1,073.42	31.07	0.08	4,716.50	-
Deductions and transfer		(11.20)	(20.28)	-	-	(31.48)	-
As at March 31, 2019	**2,578.59**	**1,987.72**	**4,123.03**	**85.07**	**0.08**	**8,774.49**	**266.75**
Additions	-	6.72	229.60	22.38	-	258.70	1,847.84
Deductions and transfer	-	-	-	-	(0.06)	(0.06)	(193.34)
As at March 31, 2020	**2,578.59**	**1,994.44**	**4,352.63**	**107.45**	**0.02**	**9,033.13**	**1,921.25**
Depreciation | Impairment | Amortisation							
Depreciation | Amortisation							
Up to March 31, 2018	**-**	**52.86**	**730.52**	**15.93**		**799.31**	**-**
For the year	7.85	38.10	346.13	8.81		400.89	-
Deductions and transfer	-	(1.59)	(11.87)	-	-	(13.46)	-
Up to March 31, 2019	**7.85**	**89.37**	**1,064.78**	**24.74**	**-**	**1,186.74**	**-**
For the year	31.85	61.02	471.29	18.24	-	582.40	-
Deductions and transfer	-				-	-	
Up to March 31, 2020	**39.70**	**150.39**	**1,536.07**	**42.98**	**-**	**1,769.14**	**-**
Net carrying value						-	
As at March 31, 2019	2,570.74	1,898.35	3,058.25	60.33	0.08	7,587.75	266.75
As at March 31, 2020	**2,538.89**	**1,844.05**	**2,816.56**	**64.47**	**0.02**	**7,263.99**	**1,921.25**

Notes:

[1]The premises of the Company is constructed on land leased by the holding company, Atul Ltd.

[2]Refer Note 14 for information on property, plant and equipment pledged as security by the Company.

[3]Refer to Note 27.2 for disclosure of contractual commitment for acquisition of property, plant and equipment.

[4]The premises of Ambernath plant is constructed on land leased by MIDC. (refer Note 27.13). The same is subject to restrictions as per applicable MIDC rules.

[5]Property plant and equipment was tested for impairment using DCF method. Estimates were adjusted for COVID-19 impact based on assessment of the Management and there was no requirement for impairment of any property, plant and equipment.

(₹ *lakhs*)

Note 3 Intangible assets	Computer software	Goodwill	Non-compete fees	Total
Gross carrying amount				
As at March 31, 2018	**-**	**-**	**-**	**-**
Additions	7.00	-	2,000.00	2,007.00
Acquisitions	13.90	856.13	-	870.03
As at March 31, 2019	**20.90**	**856.13**	**2,000.00**	**2,877.03**
Additions	12.45	-	-	12.45
Up to March 31, 2020	**33.35**	**856.13**	**2,000.00**	**2,889.48**
Amortisation				
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**
Amortisation charged for the year	8.97	-	400.00	408.97
Up to March 31, 2020	**12.09**	**-**	**466.67**	**478.76**
Net carrying amount				
As at March 31, 2019	17.78	856.13	1,933.33	2,807.24
As at March 31, 2020	**21.26**	**856.13**	**1,533.33**	**2,410.72**

Significant estimate - Impairment of goodwill

The Company has carried out impairment assessment as at March 31, 2020 for its all intangible assets. For this purpose, goodwill acquired in business combination is allocated to the cash generating unit (CGU), which benefits from the synergies of the acquisition. The Company internally reviews the goodwill for impairment at the CGU level.

The goodwill of ₹ 856.16 lakhs pertains to the Ambernath manufacturing facility, active pharma ingredients business of Polydrug Laboratories Pvt Ltd, which was acquired during the previous year. The recoverable amount of this Ambernath manufacturing facility is determined based on value in use, which is derived by using five years cash flow projections with following key assumptions:

Particulars	Assumptions
Annual growth rates	Based on the estimated market share
Terminal growth rate	1%
Weighted average cost of capital % (WACC) before tax	18.1%
Expected gross margins	Based on prior experience and are reflective of past experience

Cash flow projections, as approved by the Board, are based on the expected market shares, gross margins, and prior experience and are reflective of past experience throughout the period.

As at March 31, 2020, the estimated recoverable amount of the CGU exceeded its carrying amount. Reasonable sensitivities in key assumptions consequent to the change in estimated future economic conditions on account of possible effects relating to COVID-19 are unlikely to cause the carrying amount to exceed the recoverable amount of the CGU.

(₹ *lakhs*)

Note 4 Non-current investments	Face Value	As at March 31, 2020		As at March 31, 2019	
		Number of shares	Value	Number of shares	Value
Investment in equity instruments (unquoted) in foreign fellow subsidiary company measured at cost					
Atul Brasil Quimicos Ltda	₹ 1	2,188.00	0.70	2,188.00	0.70
			0.70		**0.70**

(₹ *lakhs*)

Note 5 Other financial assets	As at March 31, 2020		As at March 31, 2019	
	Current	Non-current	Current	Non-current
a) Security deposits	-	45.06	-	26.36
b) Advances recoverable in cash or kind	4.15	-	5.54	-
c) Balance with banks in fixed deposits, with maturity beyond 12 months*	-	0.64	-	0.39
	4.15	**45.70**	**5.54**	**26.75**

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

(₹ *lakhs*)

Note 6 Income tax assets (net)	As at March 31, 2020		As at March 31, 2019	
	Current	Non-current	Current	Non-current
Tax paid in advance, net of provisions	-	207.51	-	110.31
	-	**207.51**	**-**	**110.31**

(₹ *lakhs*)

Note 7 Other assets	As at March 31, 2020		As at March 31, 2019	
	Current	Non-current	Current	Non-current
a) Balances with the government department				
Balances with the statutory authorities	651.55	-	106.64	-
b) Prepaid expenditure	39.49	-	79.46	-
c) Export incentive receivable	20.28	-	7.31	-
d) Capital advances	15.80	-	37.68	-
e) Prepayment				
Related parties	3.19	-	20.04	-
Others	2.79	-	0.63	-
f) Others	-	-	-	2.11
	733.10	**-**	**251.76**	**2.11**

(₹ *lakhs*)

Note 8 Inventories		**As at March 31, 2020**	**As at March 31, 2019**
a)	Raw materials and packing materials	694.66	719.04
	Add: Goods-in-transit	-	147.85
	Less: Provision for inventory	(20.12)	-
		674.54	**866.89**
b)	Work-in-progress	512.11	-
c)	Finished goods	1,124.58	720.18
d)	Stores, spares and fuel	98.04	86.90
	Add: Goods-in-transit	-	-
		98.04	**86.90**
		2,409.27	**1,673.97**

i) Amounts recognised in the Statement of Profit and Loss

Provision for slow and non-moving inventories has been made during the year ₹ 20.01 lakhs (previous year: ₹ nil).

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

iii) The Company determines the realisable value of inventory based on the latest selling prices, customer orders on hand and margins, adjusted to reflect current and estimated future economic conditions also taking into account estimates of possible effect from the pandemic relating to COVID-19.

(₹ *lakhs*)

Note 9 Trade receivables		**As at March 31, 2020**	**As at March 31, 2019**
	Considered good - unsecured		
a)	Related parties (refer Note 27.4)	80.04	70.33
b)	i) Others	1,801.94	3,210.79
	Sub-total	**1,881.98**	**3,281.12**
	Less: Provision for bad debts	24.00	-
	Total receivables	**1,857.98**	**3,281.12**

i) Amounts recognised in the Statement of Profit and Loss

Provision for bad debt has been made during the year ₹ 24.00 lakhs (previous year: ₹ nil).

ii) Trade receivables are valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is considering the nature of industries, impact immediately seen in the demand outlook of these industries and the financial strength of the customers in respect of whom amounts are receivable.

(₹ *lakhs*)

Note 10 Cash and cash equivalents		**As at March 31, 2020**	**As at March 31, 2019**
a)	Balances with banks		
	In current accounts	366.27	3.55
b)	Cash on hand	0.13	0.21
		366.40	**3.76**

There are no repatriation 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, 2020	As at March 31, 2019
Short-term bank deposit with original maturity between 3 to 12 months	13.75	12.99
	13.75	**12.99**

*Bank deposits above include deposits lien marked in favour of various government agencies amounting to ₹ 2.08 lakhs (March 31, 2019: ₹ 1.99 lakhs) and margin money ₹ 11.67 lakhs (March 31, 2019: ₹ 11.00 lakhs)

(₹ *lakhs*)

Note 12 Equity share capital	As at March 31, 2020	As at March 31, 2019
Authorised		
3,00,00,000 (March 31, 2019: 1,70,00,000) equity shares of ₹ 10 each	3,000.00	1,700.00
30,00,000 (March 31, 2019: 30,00,000) 8% redeemable optionally convertible cumulative preference shares of ₹ 100 each	3,000.00	3,000.00
	6,000.00	**4,700.00**
Issued		
2,90,21,868 (March 31, 2019: 1,53,85,505) equity shares of ₹ 10 each	2,902.19	1,538.55
	2,902.19	**1,538.55**
Subscribed		
2,90,21,868 (March 31, 2019: 1,53,85,505) equity shares of ₹ 10 each	2,902.19	1,538.55
	2,902.19	**1,538.55**

a) Movement in equity share capital

(₹ *lakhs*)

Particulars	Number of shares	Equity share capital
As at March 31, 2018	**10,840,050**	**1,084.00**
Increase during the year	4,545,455	454.55
As at March 31, 2019	**15,385,505**	**1,538.55**
Increase during the year	13,636,363	1,363.64
As at March 31, 2020	**29,021,868**	**2,902.19**

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 1,36,36,363 equity shares of face value of ₹ 10 per share to the holding company on exercise of conversion option on preference shares after the requisite approval of the Allotment Committee meeting held on May 28, 2019.

c) Details of shareholders holding more than 5% of equity shares:

(₹ *lakhs*)

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	Holding %	Number of shares	Holding %	Number of shares
Atul Ltd, holding company	**100%**	**29,021,868**	**100%**	**15,385,505**

(₹ *lakhs*)

Note 13 Other equity		As at March 31, 2020	As at March 31, 2019
a)	**Capital contribution from Atul Ltd[1]**		
	Balance as at the beginning of the year	167.17	-
	Add: 8% redeemable optionally convertible cumulative preference shares	-	167.17
	Balance as at the end of the year	167.17	167.17
b)	**Equity capital pending allotment of shares[2]**		
	Balance as at the beginning of the year	1,832.83	-
	Add: 8% redeemable optionally convertible cumulative preference shares	-	1,832.83
	Less: conversion into equity shares	(1,832.83)	-
	Balance as at the end of the year	-	1,832.83
c)	**Securities premium account (net of share issue expenses of ₹ 2,200)**		
	Balance as at the beginning of the year	716.43	171.00
	Add: issue of shares	1,469.20	545.43
	Balance as at the end of the year	**2,185.63**	**716.43**
d)	**Retained earnings**		
	Balance as at the beginning of the year	1,910.19	1,103.85
	Add: Profit | (Loss) for the year	(127.84)	806.34
	Less: Dividend on equity shares for the year (including dividend distribution tax)	(92.74)	
	Balance as at the end of the year	**1,689.61**	**1,910.19**
e)	**Remeasurement gains on defined benefit plans**		
	Balance as at the beginning of the year	(0.62)	0.04
	Add: Change in gain or loss for the period	(3.36)	(0.93)
	Add: Current tax liability	0.85	0.27
	Less: Reclassified to retained earnings	-	-
	Balance as at the end of the year	**(3.13)**	**(0.62)**
	Balance as at the end of the year	**4,039.28**	**4,626.00**

[1]Capital contribution from Atul Ltd represents equity component of 8% redeemable optionally convertible cumulative preference shares as at March 31, 2019.

[2]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

a) 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.

b) 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 other comprehensive income, dividends or other distributions paid to shareholders.

c) Other comprehensive income

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

(₹ *lakhs*)

Note 14 Borrowings	As at March 31, 2020		As at March 31, 2019	
	Current	Non-current	Current	Non-current
a) Secured:				
i) Rupee term loan from a bank	-	3,278.55	-	200.05
ii) Working capital loans repayable on demand from banks	-	-	32.55	-
b) Unsecured:				
i) Rupee term loan from a bank		450.60	-	416.91
ii) Loan from related party (refer Note 27.4)	1,400.01	1,750.00	507.85	455.44
	1,400.01	**5,479.15**	**540.40**	**1,072.40**
Less:				
Current maturities of long-term debts disclosed under the head 'Other financial liabilities' (refer Note 15)	-	(678.86)	-	(213.35)
Interest accrued disclosed under the head 'Other financial liabilities' (refer Note 15)	**(0.01)**	**-**	**(7.85)**	**(5.69)**
	1,400.00	**4,800.29**	**532.55**	**853.36**

Type of loan		Nature of security	Terms of repayment
i)	**Rupee term loan from a bank:**		
	Secured:		
	Rupee term loan from bank amounting to ₹ 3,278.82 lakhs (including interest accrued ₹ nil)	Exclusive charge on the movable and immovable fixed assets at Ambernath and first *pari-passu* charge on movable and immovable fixed assets except lease hold land at Valsad.	Quarterly installments beginning from March 2020 till June 2025. Interest rate as at Balance Sheet date is 9% per annum. Payable within one year ₹ 228.25 lakhs Payable within two to three ₹ 1,224.27 lakhs Payable within four to six years ₹ 1,826.02 lakhs
	Unsecured:		
	Rupee term loan from bank amounting to ₹ 450.6 lakhs (including interest accrued ₹ nil is unsecured loan sanctioned by bank towards reimbursement of capex | fresh capex.	nil	Quarterly installments beginning from December 2018 till March 2021. Interest rate is 3M MCLR i.e. 9.05% per annum as at the Balance Sheet date.

Type of loan		Nature of security	Terms of repayment
ii)	**Working capital loan:**		
	Working capital loan of ₹ nil: at base rate of bank plus 1.5% that is 9.15% per annum as at Balance Sheet date (as at March 31, 2019: ₹ 33 lakhs: 11% per annum).	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.	Repayable on demand once availed
iii)	**Loans from related parties:**		
	Interest of 9.00 % to 9.50 % per annum is charged on the outstanding balances (as at March 31, 2019: 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, 2018	-	1,284.67	1,284.67
(Repayment) of borrowings | Proceeds from borrowings	1,066.71	(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	**1,072.40**	**540.40**	**1,612.80**
(Repayment) of borrowings | Proceeds from borrowings	4,412.44	867.45	5,279.89
Interest expense	368.81	112.81	481.62
Interest paid	(374.50)	(120.65)	(495.15)
Net debt as at March 31, 2020	**5,479.15**	**1,400.01**	**6,879.16**

(₹ *lakhs*)

Note 15 Other financial liabilities		As at March 31, 2020		As at March 31, 2019	
		Current	Non-current	Current	Non-current
a)	Current maturities of long-term debt (refer Note 14)	678.86	-	213.35	-
b)	Employees benefits payable (refer Note 27.6)	68.14	24.16	121.76	8.53
c)	Dividend payable in preference shares	-	-	15.78	-
d)	Retention money	3.01	-	11.27	-
e)	Creditors for capital goods (refer Note 27.12)*	1,202.48	-	4,917.23	-
f)	Interest accrued but not due (refer Note 14)	0.01	-	13.54	-
g)	Others	-	-	1.00	-
		1,952.50	**24.16**	**5,293.93**	**8.53**

*includes payable to MSME creditors ₹ 0.01 lakh (previous year : ₹ 0.46 lakh)

(₹ *lakhs*)

Note 16 Provisions	As at March 31, 2020		As at March 31, 2019	
	Current	Non-current	Current	Non-current
Employee benefit obligations	4.76	29.98	4.37	15.79
Provision for compensated absences (refer Note 27.6)	**4.76**	**29.98**	**4.37**	**15.79**

(₹ *lakhs*)

Note 17 Trade payables	As at March 31, 2020	As at March 31, 2019
a) Total outstanding dues of micro, small and medium enterprises (refer Note 27.12)	4.16	14.68
b) Total outstanding dues of creditors other than micro, small and medium enterprises		
i) Related party (refer Note 27.4)	713.24	1,049.16
ii) Others (refer Note 27.13)	1,133.26	1,520.92
	1,850.66	**2,584.76**

(₹ *lakhs*)

Note 18 Other current liabilities	As at March 31, 2020	As at March 31, 2019
	Current	Current
a) Advance received from customers	11.51	7.99
b) Dividend distribution tax on preference dividend	-	3.24
c) Statutory dues	23.50	289.39
	35.01	**300.62**

(₹ *lakhs*)

Note 19 Current tax liabilities (net)	As at March 31, 2020	As at March 31, 2019
	Current	Current
Income tax payable, net of paid	-	2.87
(refer Note 27.5 for movement in taxes paid)		
	-	**2.87**

(₹ *lakhs*)

Note 20 Revenue from operations	2019-20	2018-19
Revenue from contracts with customers:		
Sale of products	10,488.43	10,431.13
Sale of services	11.44	-
Sale of raw material	72.62	37.06
Other operating revenue:		
Export incentives	65.12	20.19
Scrap sales	41.66	22.06
	10,679.27	**10,510.44**

Contracts with customers are for short-term, at an agreed price basis having contracted credit period ranging up to 90 days. These contracts are mainly for sale of goods in domestic and international markets besides sale of scrap. 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	2019-20	2018-19
Interest income	1.04	5.26
Exchange rate difference gain	22.47	1.75
	23.51	**7.01**

(₹ *lakhs*)

Note 22 Cost of materials consumed	2019-20	2018-19
Stocks at commencement	866.89	593.86
Add: Purchases	7,127.00	6,537.20
Add: Inventory acquired on business combination	-	396.99
	7,993.89	7,528.05
Less: Stocks at close	674.54	866.89
	7,319.35	**6,661.16**

(₹ *lakhs*)

Note 23 Changes in inventories of finished goods and work-in-progress	2019-20	2018-19
Stocks at close		
Finished goods	1,124.58	720.18
Work-in-progress	512.11	-
	1,636.69	**720.18**
Add: Inventory acquired on business combination		
Finished goods	-	62.63
Work-in-progress	-	153.74
	-	**216.37**
Less: Stocks at commencement		
Finished goods	720.18	291.16
Work-in-progress	-	14.36
	720.18	**305.52**
(Increase) | Decrease in stocks	**(916.51)**	**(198.29)**

(₹ *lakhs*)

Note 24 Employee benefit expenses	2019-20	2018-19
Salaries, wages and bonus	777.04	361.38
Contribution to provident and other funds (refer Note 27.6)	47.97	40.61
Staff welfare	25.66	17.86
	850.67	**419.85**

(₹ *lakhs*)

Note 25 Finance costs	2019-20	2018-19
Interest on borrowings	481.62	86.96
Interest on others	14.48	64.77
Dividend payable on 8% redeemable optionally convertible cumulative preference shares (including dividend distribution tax)	-	19.02
	496.10	**170.75**

(₹ *lakhs*)

Note 26 Other expenses	2019-20	2018-19
Consumption of stores and spares (includes inventory acquired on business combination)	168.38	129.57
Power, fuel and water	666.21	524.45
Conversion and plant operation charges | contract labour charges	73.92	74.71
ETP charges	89.08	113.30
Building repairs	27.49	26.62
Plant and equipment repairs	222.36	113.57
Rent	0.04	0.04

(₹ *lakhs*)

Note 26 Other expenses	2019-20	2018-19
Rates and taxes	13.81	3.02
Insurance	34.50	12.11
Freight, cartage and octroi	51.47	52.88
Commission	16.88	-
Travelling and conveyance	5.00	1.68
Payments to the Statutory Auditors		
a) Audit fees	3.63	3.27
b) Other matters	0.60	0.55
Payments to the Cost Auditors		
a) Audit fees	0.24	0.20
b) Out of pocket expense	-	-
Directors' fees and travelling	4.20	5.05
Directors' commission (other than the Executive Directors)	-	6.84
Manpower services	219.21	117.48
Provision for doubtful debts	24.00	-
Loss on assets sold, discarded or demolished	0.06	-
Expenditure on Corporate Social Responsibility (refer Note 27.14)	25.36	22.50
Security charges	40.32	19.86
Brand usage charges	17.14	22.72
Miscellaneous expenses	391.89	439.05
	2,095.79	**1,689.47**

Note 27.1 Contingent liabilities

(₹ *lakhs*)

Particulars	As at March 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as debts in respects of:		
i) Income tax*	-	11.25
ii) VAT*	4.74	-
iii) Provident fund*	-	1.61

The regulatory claims are under litigation at various forums, the Company expects the outcome of the above matter to be in its favour and has, therefore, not recognised provision in relation to this claim.

*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:

(₹ *lakhs*)

Particulars	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment	113.14	105.87

Note 27.3 Related party information

No	Name of the related party	Description of relationship
	The Group is controlled by following entities:	
01	Atul Ltd	holding company
	Other related parties with whom transactions have taken place during the year	
02	Atul Finserv Ltd	Fellow subsidiary companies with whom transactions have taken place during the year
03	Atul China Ltd	
04	Atul Europe Ltd	
05	Atul Nivesh Ltd	
06	Rudolf Atul Chemicals Ltd	Entity jointly controlled by holding company
07	Aagam Holdings Pvt Ltd	Entity over which control exercised by Key Management Personnel
08	Key Management Personnel	
	S S Lalbhai	Chairman
	C Prabhakar	Managing Director
	T R Gopi Kannan	Director
	S R Tripathi	Independent Director
	P H Lele	Independent Director
	R R Iyer	Independent Director
	A V Dangi	Director
	A S Lalbhai	Director
	P C Pophali	Chief Financial Officer
	R Kumar	Company Secretary
09	Welfare funds	Organisations over which Key Management Personnel or their close family members have significant influence
	Atul Foundation Trust	
	Atul Rural Development Fund	
10	Bansi S Mehta	Director of holding company
11	Crawford Bayley & Co.	Director of holding company is partner
12	Other related parties#	
	Atul Bioscience Staff Gratuity Fund	Post-employment benefit plan of Atul Bioscience Ltd

#Refer Note 27.5 for information on transactions with post-employment benefit plans mentioned above.

Note 27.4 (a) Transactions with holding company

(₹ *lakhs*)

	Sales and income	2019-20	2018-19
1	Sale of goods	186.01	223.33
2	Sales of property, plant and equipment	4.03	0.76
3	Interest received | receivable	-	4.40
4	Reimbursement received	2.39	1.98
	Purchases and expenses		
1	Purchase of raw material	3,526.62	3,934.73
2	Purchase of power, fuel and water	436.18	461.13
3	ETP service charges	88.18	113.30

4	Staff service charges	173.07	79.13
5	Expenses reimbursement paid	-	-
6	Lease rent	0.04	0.04
7	Interest paid | payable	97.13	64.59
8	Brand usage charges	17.14	22.72
9	Reimbursement paid	9.20	7.32
	Others		
1	Interim dividend on equity shares	76.93	-
2	Dividend on preference shares	-	15.78
	Transfers under finance arrangements		-
1	Issue of equity shares	1,363.64	1,000.00
2	Issue of 8% redeemable optionally convertible cumulative preference shares	1,000.00	2,000.00
3	Conversion of 8% redeemable optionally convertible cumulative preference shares into equity	3,000.00	-

Terms and conditions:

a) Transactions with Atul Ltd pertaining to a) purchase of goods, power, fuel and water, b) ETP service charges, c) lease rent, d) interest and e) brand usage charges were at normal commercial terms.

b) Staff service charges and other expenses were reimbursed to Atul Ltd on cost basis.

c) Transaction relating to dividend was on same terms and conditions that applied to all shareholders.

Note 27.4 (b) Transactions with fellow subsidiary companies

(₹ *lakhs*)

	Sales and income	2019-20	2018-19
1	**Sale of goods**	**137.32**	**162.60**
	Atul Europe Ltd	137.32	162.60
	Loan taken and repaid		
1	**Loan taken**	**250.00**	**450.00**
	Atul Finserv Ltd	-	450.00
	Atul Nivesh Ltd*	250.00	-
	Expenses		
1	**Interest on loan**	**60.43**	**9.60**
	Atul Finserv Ltd	42.75	9.60
	Atul Nivesh Ltd	17.68	-
2	**Reimbursement paid**	**1.58**	**0.28**
	Atul Finserv Ltd	1.58	0.28

*Loan taken from Atul Nivesh Ltd was for 12 months at interest rate of 9.00 % per annum.

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 Ltd was at normal commercial terms.

Note 27.4 (c) Entity jointly controlled by holding company

(₹ *lakhs*)

	Sales and income	2019-20	2018-19
1	Sale of goods	**-**	**0.14**
	Rudolf Atul Chemicals Ltd	-	0.14
	Loan taken and repaid		
1	Loan taken	**200.00**	**500.00**
	Rudolf Atul Chemicals Ltd	200.00	500.00
	Atul Nivesh Ltd	-	-
2	Loan repaid	**-**	**500.00**
	Rudolf Atul Chemicals Ltd	-	500.00
	Atul Nivesh Ltd	-	-
	Expenses	-	-
1	Interest on loan		
	Rudolf Atul Chemicals Ltd*	**52.21**	**9.12**
		52.21	9.12

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

Note 27.4 (d) Entity over which significant influence is exercised by Key Management Personnel

(₹ *lakhs*)

	Expenses	2019-20	2018-19
1	Interest on loan	**-**	**60.31**
	Aagam Holdings Pvt Ltd*	-	60.31
	Loan taken and repaid		
1	Loan taken	**-**	**500.00**
	Aagam Holdings Pvt Ltd	-	500.00
2	Loan repaid	**-**	**1,150.00**
	Aagam Holdings Pvt Ltd	-	1,150.00

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

Note 27.4 (e) Key Management Personnel compensation

(₹ *lakhs*)

	Expenses	2019-20	2018-19
1	**C Prabhakar**	**59.38**	**38.86**
	Short-term employee benefits	59.38	38.86
	Post-employment benefits[1]	-	-
2	**Independent Directors**	**4.20**	**11.89**
	Commission and sitting fees paid to Independent Directors	4.20	11.89

[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.

Note 27.4 (f) Transactions with organisations over which significant influence exercised

(₹ *lakhs*)

Corporate social responsibility initiatives	2019-20	2018-19
Atul Rural Development Fund	25.36	22.50

Note 27.4 (g) Transactions with entity where Director of holding company is a partner

(₹ *lakhs*)

Professional fees	2019-20	2018-19
Crawford Bayley & Co.	7.01	7.50

Note 27.4 (h) Transactions with organisations over which significant influence exercised

(₹ *lakhs*)

Contribution made during the year	2019-20	2018-19
Atul Bioscience Staff Gratuity Fund	1.50	2.00

(₹ *lakhs*)

Note 27.4 (i) Outstanding balances of holding company at year end		March 31, 2020	March 31, 2019
1	Payables	2,310.63	1,048.03
2	Preference dividend payable	-	15.78

(₹ *lakhs*)

Note 27.4 (j) Outstanding balances of fellow subsidiary companies at year end		March 31, 2020	March 31, 2019
	Receivables	**75.29**	**70.33**
1	Atul Europe Ltd	75.29	70.33
	Payables	**700.91**	**456.56**
1	Atul Finserv Ltd	449.71	455.46
2	Atul China Ltd	1.20	1.10
3	Atul Nivesh Ltd	250.00	-

(₹ *lakhs*)

Note 27.4 (k) Outstanding balances of entity jointly controlled by holding company as at year end		March 31, 2020	March 31, 2019
	Unsecured loan	**700.00**	**507.85**
	Rudolf Atul Chemicals Ltd	700.00	507.85

(₹ *lakhs*)

Note 27.4 (j) Outstanding balances of entity where Director of holding company is a partner as at year end		March 31, 2020	March 31, 2019
	Payables	**7.01**	**7.50**
	Crawford Bayley & Co.	7.01	7.50

Note 27.4 (m) Terms and conditions:

1 Transactions relating to preference dividend, equity dividend and issue of new equity shares were on same terms and conditions that applied to all shareholders. The loans taken from Aagam Holdings Pvt Ltd and Rudolf Atul Chemicals Ltd were generally for short-term at interest rate ranging from 9.15% to 9.90% per annum.

2 Transactions with Atul Ltd pertaining to a) purchase of goods, power, fuel, water, b) ETP service charges, c) lease rent and d) commission paid to Atul China Ltd were at normal commercial terms.

3 Staff service charges and other expenses were reimbursed to Atul Ltd on cost basis.

All outstanding balances are unsecured and are repayable in cash.

Note 27.5 Current and deferred tax

During the year, the Company has adopted option available under Section 115 BAA of the Income Tax Act, 1961 as per the taxation laws (Amendment) Act, 2019 dated December 11, 2019. Accordingly, tax expenses, deferred tax assets | liabilities have been recomputed and impact of this has been recognised in the Statement of Profit or Loss for the year ended March 31, 2020.

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

a) Income tax expense recognised in the Statement of Profit or Loss:

(₹ *lakhs*)

Particulars	2019-20	2018-19
i) Current tax		
Current tax on profit for the year	-	361.97
Adjustments for current tax of prior periods	-	2.26
Total current tax expense	**-**	**364.23**
ii) Deferred tax		
(Decrease) | Increase in deferred tax liabilities	38.12	112.14
Decrease | (Increase) in deferred tax assets	(111.00)	(14.28)
Total deferred tax expense | (benefit)	(72.88)	97.86
Income tax expense	**(72.88)**	**462.09**

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:

(₹ *lakhs*)

Particulars	2019-20	2018-19
a) Statutory income tax rate	25.168%	29.120%
b) Differences due to:		
Non-deductible expenses	(7.183%)	0.517%
Donation u/s 80G of Income Tax Act, 1961	0.000%	(0.258%)
Expenses in capital nature	0.000%	6.542%
Deferred tax on change in statutory tax rate	18.217%	0.000%
Other items	0.107%	0.510%
Effective income tax rate	**36.309%**	**36.430%**

The Company has adopted the option available under Section 115 BAA of the Income Tax Act, 1961 accordingly statutory income tax rate is revised to 25.17%.

c) Current tax assets

(₹ *lakhs*)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	110.31	10.95
Add: Taxes paid in advance, net of provision during the year	97.20	460.52
Less: Provision for tax	-	(361.16)
Closing balance	**207.51**	**110.31**

d) Current tax liabilities

(₹ *lakhs*)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	2.87	4.42
Add: Current tax payable for prior period	(2.87)	3.34
Less: Taxes paid		(4.89)
Closing balance	**(0.00)**	**2.87**

e) Movement in deferred tax liabilities | (assets)

(₹ *lakhs*)

Particulars	As at March 31, 2020	Charged | (Credited) to		As at March 31, 2019	Charged | (Credited) to		As at March 31, 2018
		profit or loss[1]	OCI | equity		profit or loss	OCI | equity	
Property plant and equipment and intangible assets	327.83	38.12	-	289.71	112.14	-	177.57
Total deferred tax liabilities	**327.83**	**38.12**	**-**	**289.71**	**112.14**	**-**	**177.57**
Provision for compensated absences and gratuity	(21.69)	(5.27)	(0.85)	(15.57)	(9.56)	(0.27)	(5.74)
Expenses for increase in authorised share capital	(4.18)	0.54	-	(4.72)	(4.72)	-	-
Unabsorbed tax depreciation	(95.17)	(95.17)	-	-	-	-	-
Provision for doubtful debts	(6.04)	(6.04)	-	-	-	-	-
Others	(5.06)	(5.06)	-	-	-	-	-
Total deferred tax assets	**(132.14)**	**(111.00)**	**(0.85)**	**(20.29)**	**(14.28)**	**(0.27)**	**(5.74)**
Net deferred tax liabilities | (assets)	**195.69**	**(72.88)**	**(0.85)**	**269.42**	**97.86**	**(0.27)**	**171.83**

[1]Inculdes ₹ 35.56 lakhs impact of tax rate changes

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 15 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, 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)
March 31, 2019	**90.94**	**(57.64)**	**33.30**
Current service cost	10.48	-	10.48
Past service cost	-	-	-
Interest expense | (income)	6.57	(4.16)	2.41
Total amount recognised in profit and loss	**17.05**	**(4.16)**	**12.89**
Remeasurements			
Return on plan assets, excluding amount included in interest expense | (income)	-	0.57	0.57
(Gain) | Loss from change in demographic assumptions	(0.96)	-	(0.96)
(Gain) | Loss from change in financial assumptions	5.53	-	5.53
Experience (gains) | losses	(1.78)	-	(1.78)
Total amount recognised in other comprehensive income	**2.79**	**0.57**	**3.36**
Employer contributions	-	1.50	1.50
Benefit payments	12.65	(12.65)	-
March 31, 2020	**98.13**	**(50.08)**	**48.05**

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

(₹ *lakhs*)

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of funded obligations	98.13	90.94
Fair value of plan assets	(50.08)	(57.64)
Deficit of gratuity plan	**48.05**	**33.30**
Current	23.88	24.77
Non-current	24.17	8.53

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

(₹ *lakhs*)

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	6.43%	7.22%
Salary escalation rate	8.40%	8.04%
Rate of return on plan assets	6.43%	7.22%
Attrition rate	14.00%	11.87%

Sensitivity analysis

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

Particulars	Change in assumptions		Increase | (Decrease) in defined benefit obligation							
			Increase in assumptions				Decrease in assumptions			
	March 31, 2020	March 31, 2019	March 31, 2020		March 31, 2019		March 31, 2020		March 31, 2019	
Discount rate	1.00%	1.00%	(4.95%)	(5)	(4.69%)	(4)	5.51%	5	5.26%	5
Salary escalation rate	1.00%	1.00%	5.35%	5	5.17%	5	(4.90%)	(5)	(4.70%)	(4)
Attrition rate	1.00%	1.00%	(0.79%)	(1)	(0.49%)	(0)	0.85%	1	0.52%	0

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 categories of plan assets are as follows:

(₹ *lakhs*)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Investment funds								
Insurer managed fund (Life Insurance Corporation of India)	-	50.08	50.08	100%	-	57.64	57.64	100%
	-	**50.08**	**50.08**	**100%**	**-**	**57.64**	**57.64**	**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

The plan may expose the Company to a concentration of insurance market risk, as all the assets are invested with one insurance company and a default will wipe out all the assets. However, the 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, 2021 are ₹ 23.88 lakhs.

The weighted average duration of the defined benefit obligation is six years (2018-19: six years). The expected maturity analysis of gratuity is as follows:

(₹ *lakhs*)

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation (gratuity)					
As at March 31, 2020	12.04	11.38	37.17	86.85	147.44
As at March 31, 2019	23.16	7.66	24.39	89.56	144.77

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 ₹ 28.66 lakhs (March 31, 2019 : ₹ 12.74 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) The compensated absences covers the liability for earned leave. Out of the total amount disclosed in Note 16, the amount of ₹ 4.76 lakhs (March 31, 2019: ₹ 4.37 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.

(₹ *lakhs*)

Particulars	Compensated absences	
	As at March 31, 2020	As at March 31, 2019
Present value of unfunded obligations	34.74	20.16
Expense recognised in the Statement of Profit and Loss	15.70	9.25
Discount rate (per annum)	6.43%	7.22%
Rate of return on plan assets	6.43%	7.22%
Salary escalation rate (per annum)	8.40%	8.04%
Current	4.76	4.37
Non-current	29.98	15.79

e) The Company is studying the legal position on the implications of the relevant judgement of the Honourable Supreme Court of India on applicability of provident fund on its various allowances and is in the process of expeditiously depositing related dues, if any.

Note 27.7 Fair value measurements

(₹ *lakhs*)

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments in equity instruments	0.70	-	-	0.70	-	-
Trade receivables	-	-	1,857.98	-	-	3,281.12
Cash and cash equivalents	-	-	366.40	-	-	3.76
Bank balances other than cash and cash equivalents above	-	-	13.75	-	-	12.99
Other receivables	-	-	49.21	-	-	31.90
Bank deposits with more than 12 months maturity	-	-	0.64	-	-	0.39
Total financial assets	**0.70**	**-**	**2,287.98**	**0.70**	**-**	**3,330.16**
Financial liabilities						
Borrowings	-	-	6,879.16	-	-	1,599.26
Trade payables	-	-	1,850.66	-	-	2,564.09
Interest accrued but not due	-	-	-	-	-	13.54
Creditor for capital goods	-	-	1,202.48	-	-	4,917.23
Dividend payable on preference shares	-	-	-	-	-	15.78
Employee benefits payable	-	-	92.30	-	-	130.29
Retention money	-	-	3.01	-	-	11.27
Other	-	-	-	-	-	1.00
Total financial liabilities	**-**	**-**	**10,027.61**	**-**	**-**	**9,252.46**

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.

(₹ *lakhs*)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	As at March 31, 2020	As at March 31, 2019
		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 asset 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, 2020	As at March 31, 2019
	Carrying amount | Fair value	Carrying amount | Fair value
Financial assets		
Other receivables	45.06	31.90
Bank deposits with more than 12 months maturity	0.64	0.39
Total financial assets	**45.70**	**32.29**
Financial liabilities		
Borrowings	5,479.15	1,066.71
Interest accrued but not due	-	5.69
Employee benefits payable	24.16	8.53
Total financial liabilities	**5,503.31**	**1,080.93**

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.

Note 27.8 Financial risk management

1. Business activities of the Company expose it to a variety of financial risks, namely market risks (foreign exchange risk and 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, the 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, 2020	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	14	6,879.16	678.86	6,200.30	6,879.16
Trade payables	19	1,850.66	1,850.66	-	1,850.66
Other financial liabilities	15	1,273.64	1,273.64	-	1,273.64
Total non-derivative liabilities		**10,003.46**	**3,803.16**	**6,200.30**	**10,003.46**

(₹ *lakhs*)

As at March 31, 2020	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**	**8,389.58**	**853.35**	**9,242.93**

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, 2020 and March 31, 2019 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 management 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 (₹) 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 management 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:

a) Foreign currency risk exposure:

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

(₹ *lakhs*)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amount in $	Amount in ₹	Amount in $	Amount in ₹
Financial assets				
Trade receivables	2.73	206.05	1.02	70.33
Net exposure to foreign currency risk (assets)	2.73	206.05	1.02	70.33
Financial liabilities				
Trade payables	1.30	98.31	6.65	460.01
Others	0.15	11.20	-	-
Net exposure to foreign currency risk (liabilities)	1.45	109.51	6.65	460.01
Net exposure to foreign currency risk	1.28	96.54	(5.63)	(389.68)

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 (₹) 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:

(₹ *lakhs*)

Particulars	Impact on profit	
	As at March 31, 2020	As at March 31, 2019
USD sensitivity		
₹ depreciates against USD by ₹ 1	1.28	(5.63)
₹ appreciates against USD by ₹ 1	(1.28)	5.63

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 ₹. 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.

a) Interest rate risk exposure

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

(₹ *lakhs*)

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate borrowings	450.60	449.25
Fixed rate borrowings	6,428.56	1,150.00
Total borrowings	**6,879.16**	**1,599.25**

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:

(₹ *lakhs*)

Particulars	Impact on profit	
	As at March 31, 2020	As at March 31, 2019
Interest rates – increase by 100 basis points	(4.51)	(4.49)
Interest rates – decrease by 100 basis points	4.51	4.49

*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:

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.

(₹ *lakhs*)

Particulars	As at March 31, 2020	As at March 31, 2019
Total debt	6,879	1,599
Total equity	6,941	6,165
Debt-equity ratio	0.99	0.26

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 ingredients (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 ₹ 1,714.03 lakhs, ₹ 1,500.40 lakhs and ₹ 1,044.57 lakhs (March 31, 2019 : ₹ 3,563.36 lakhs, ₹ 969.73 lakhs and ₹ 953.32 lakhs) are derived from three external customers attributable to the API intermediates segment.

Note 27.11 Earnings per share

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

Particulars		2019-20	2018-19
Profit	(Loss) for the year attributable to the equity shareholders	₹ lakhs	(127.84)	806.34
Basic number of equity shares outstanding during the year	Number	29,021,868	15,385,505
Weighted average number of equity shares outstanding during the year	Number	28,636,872	11,911,034
Nominal value of equity share	₹ lakhs	10	10
Basic earnings per equity share attributable to equity shareholders of the Company		(0.45)	6.77

Weighted average number of shares used as the denominator

Particulars		As at March 31, 2020	As at March 31, 2019
Opening balance		15,385,505	10,840,050
Effect of fresh issue of shares on conversion of preference shares		13,636,363	4,545,455
Closing balance		29,021,868	15,385,505

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

Particulars		2019-20	2018-19
Profit | (Loss) for the year attributable to the equity shareholders	₹ lakhs	(127.84)	822.12
Weighted average number of equity shares adjusted for effect of dilution	Number	28,636,872	12,807,672
Nominal value of equity share	₹ lakhs	10	10
Diluted earnings per equity share attributable to equity shareholders of the Company		(0.45)	6.42

Weighted average number of shares used as the denominator

Particulars		As at March 31, 2020	As at March 31, 2019
Opening balance		15,385,505	10,840,050
Adjustment for effect of dilution		13,251,367	1,967,622
Closing balance		28,636,872	12,807,672

Note 27.12 Disclosure requirement under MSMED Act, 2006

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

(₹ *lakhs*)

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount due to suppliers registered under MSMED Act and remaining unpaid as at year end	4.16	15.12
Interest due to suppliers registered under MSMED Act and remaining unpaid as at year end	0.06	0.02
Principal amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year	8.38	3.04
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 MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.06	0.02
Further interest remaining due and payable for earlier years	-	-

Note:

1) Outstanding as at March 31, 2020 includes creditor for capital goods of ₹ 0.01 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 Enterprises Development Act, 2006 as at March 31, 2020. The Auditors have relied upon in respect of this matter.

Note 27.13 Business combination

a) Brief of the transaction

The Company acquired manufacturing facilities of Polydrug Laboratories Pvt Ltd based at Ambernath, 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 ingredients (API) intermediates manufacturer to an API manufacturer.

b) Consideration

The total consideration 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:

(₹ *lakhs*)

Particulars	As at March 31, 2020[1]	As at March 31, 2019
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
Vehicles	-	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**

[1]The Company acquired new facilities during the previous year and there were no further acquisition during current year.

d) Calculation of Goodwill

(₹ *lakhs*)

Particulars	Amount	Amount
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

(₹ *lakhs*)

Particulars	Amount	Amount
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 ₹ 30 lakhs (previous year: ₹ 308.32 lakhs) have been charged to profit and loss account in terms of Ind AS 103.

g) Purchase consideration – cash outflow

(₹ *lakhs*)

Particulars	2019-20	2018-19
Net outflow of cash – investing activities	3,367.26	4,291.68

h) Compared to three months of previous year, the site was operational for entire year. Pursuant to the same, figures of current year are not comparable to those of previous year.

Note 27.14 Expenditure on Corporate Social Responsibility initiatives

a) Gross amount required to be spent by the Company during 2019-20 is ₹ 25.36 lakhs

b) Amount spent during 2019-20 on:

(₹ *lakhs*)

Particulars	Paid	Yet to be paid	Total
i) Construction | acquisition of any asset	-	-	-
ii) On purposes other than (i) above	25.36	-	25.36

Note 27.15 Leases

a) As a lessee

The Company adopted Ind AS 116, 'Lease' using the modified retrospective transition method effective from April 01, 2019. Under this method, the cumulative adjustment for present value of the remaining lease payments of lease contracts existing as on the date of April 01, 2019 has been recognised as a lease liability with an equivalent asset for the right to use. The comparative information of previous year is not restated as permitted by the standard. The adoption of the standard did not have any material impact on these Financial Statements. The Company has been presenting right-of-use assets as leasehold land under 'Property, plant and equipment' in the Balance Sheet.

Following are the changes in the carrying value of right-of-use assets

(₹ *lakhs*)

Particulars	Leasehold land
As at March 31, 2019	**2,570.74**
Additions	-
Deletions	-
Depreciation | Amortisation	31.85
As at March 31, 2020	**2,538.89**

Movements in lease liabilities

(₹ *lakhs*)

Particulars	Amount
As at March 31, 2019	**-**
Additions	-
Deletions	-
Finance cost accrued	-
Payment of lease liabilities	-
Translation difference	-
As at March 31, 2020	**-**

Contractual maturities of lease liabilities as at March 31, 2020 on undiscounted basis

Particulars	Amount
Less than 1 year	0.04
1 to 5 years	0.16
More than 5 years	1.33
Total	**1.53**

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

Depreciation charge on the right-of-use asset is disclosed in Note 2 'Property, plant and equipment'.

Rent paid to lessor for short-term lease period is recognised into the Statement of Profit and Loss as Rent in Note 26 'Other expenses'.

Cash payments for the principal portion and interest of the lease liabilities are classified within financing activities and short-term lease payments within operating activities.

b) As a lessor

The Company has not leased any assets and as such is not a lessor.

Note 27.16 Estimation of uncertainties relating to the global health pandemic from COVID-19:

Manufacturing facilities of the Company in (Atul) Gujarat and (Ambernath) Maharashtra were closed on March 24, 2020 following countrywide lockdown due to COVID-19. The Company has since obtained required permissions and restarted its manufacturing facilities partially at Ambernath and Atul in the second fortnight of April 2020. Based on the immediate assessment of the impact of COVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is positive of serving customer orders and obtaining regular supply of raw materials and logistics services after resumption of the operations. In assessing recoverability of trade receivables, the Company has considered subsequent recoveries, past trends, credit risks profile of the customers based on their industry, macroeconomic forecasts and internal and external information available up to the date of issuance of these results. In assessing recoverability of inventories, the Company has considered the latest selling prices, customer orders on hand and margins. Based on the above assessment, the Company is of the view that carrying amounts of trade receivables and inventories are expected to be realisable. The impact of COVID-19 may be different from that estimated as at the date of approval of these financial results, and the Company will continue to closely monitor the developments.

Note 27.17 Assessment of going concern

With backdrop of prevailing pandemic from COVID-19, the Company has assessed its ability to continue as a going concern for next 12 months. Government notification has enabled the Pharmaceutical industries in the non-impact zones to operate without any restrictions. All customers of the Company fall under the essential services and the customers have confirmed existing orders and assured further orders. Based on the market trends and general industry outlook, the industry is expected to withstand the pandemic situation in a better way. Major raw materials are procured from Group company and no shortfall is expected for the same. The majority of raw materials purchased from external vendors are procured locally and available from multiple vendor locations. There is sufficient inventory of imported raw material to cater to demand and orders in hand and new orders have been executed for fresh dispatch. Based on the assessment made, the Company is expected to generate sufficient funds to repay the borrowings and it has decided not to apply for moratorium on repayment of external borrowing. The Company being a wholly-owned subsidiary, has received investment from the Group companies in form of inter corporate deposits, letter of support from holding company and has unutilised approved limits in case of requirement of any financial support.

Note 27.18 Regrouped | Recast | Reclassified

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

Note 27.19 Authorisation for issue of the Financial Statement

The Financial Statements were authorised for issue by the Board of Directors on April 23, 2020.

In terms of our report attached	For and on behalf of the Board of Directors	
For Deloitte Haskins & Sells LLP Chartered Accountants	P C Pophali **Chief Financial Officer**	S S Lalbhai **Chairman**
Samir R. Shah **Partner**	R Kumar **Company Secretary**	C Prabhakar **Managing Director**
Mumbai April 23, 2020		Atul April 23, 2020

Notes

Corporate information

Directors

Mr Sunil Lalbhai
(Chairman)

Dr Prabhakar Chebiyyam
(Managing Director)

Mr Gopi Kannan Thirukonda

Mr Sharat Tripathi

Mr Pramod Lele

Mr Rangaswamy Iyer

Dr Ajit Dangi

Ms Astha Lalbhai

Chief Financial Officer

Mr Pranav Pophali

Company Secretary

Mr Rajeev Kumar

Statutory Auditors

Deloitte Haskins & Sells LLP

Cost Auditors

R Nanabhoy & Co

Registered office

E-12, East Site
Atul 396 020, Gujarat, India
E-mail address: sec@atulbio.co.in
Website: www.atulbio.co.in

Bankers

Axis Bank
State Bank of India
RBL Bank

Atul Bioscience Ltd

E-12, East Site
Atul 396 020, Gujarat
India