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30th June 2020

BSE LIMITED Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001 **Scrip Code: BSE – AJANTPHARM 532331**	National Stock Exchange of India, Exchange Plaza, 5th Floor, Plot no. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 **Scrip Code: NSE AJANTPHARM EQ**

Sub.: Regulation 34 - Annual Report for financial year 2019-20

Dear Sir/Madam,

We hereby inform that the Forty-first Annual General Meeting ('AGM') of the Company will be held on Thursday, 30th July 2020 at 3.00 p.m. through Video Conferencing or Other Audio Visual Means.

Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the financial year 2019-20 along with Notice of the AGM.

The Annual report and the Notice of AGM are being sent to the members through electronic mode and the same are also uploaded on the Company's website http://www.ajantapharma.com/AnnualReports.aspx

Kindly take the same on your records.

Thanking You,

Yours faithfully,

Gaurang Shah Digitally signed by Gaurang Shah Date: 2020.06.30 17:32:41 +05'30'

Gaurang Shah
AVP – Legal & Company Secretary

Encl.: a/a

Annual Report **2019-20**

Resilience

Defying Challenges / Achieving **Growth**

ajanta pharma limited

What's Inside

Corporate Overview

Statutory Reports

Financial Statements

For additional information scan the QR CODE

For more details, please visit:
www.ajantapharma.com

Resilience

literally means ‘capacity to recover quickly from difficulties’. We at Ajanta Pharma, have shown this ability time and again: Defying Challenges faced on the way and Achieving Growth. Each challenge brings associated risks with it, but our proactive approach allows us to defy it so that we continue the growth even during that time.

New manufacturing facility for oral solid inaugurated at Pithampur

The following pages detail such efforts, which allow us to de-risk the business in a way that insulates it from macro concerns to the extent possible. It is these efforts that make us resilient.

Letter to Shareholder

DESPITE THE CAPEX OF ₹ 240 CR. IN FY 2020 WE GENERATED OPERATING FREE CASH FLOW OF ₹ 235 CR. IN THE YEAR.

Yogesh M. Agrawal
Managing Director

Dear Shareholder,

We hope and wish that all of you have been safe and healthy during this unprecedented challenge faced by the humanity. The uncertainty around the course of the COVID-19 pandemic started in March leading to governments across the world initiating lockdowns. This partly affected our business and operations in the last month of FY2020. As the disruption got into FY 2021, its major impact on global economics will be seen in the quarters ahead. We need to accept the new normal for working – be it in the corporate office, factories, R&D laboratories, or on the field for doctors' meetings.

Though, demand disruption is least for pharmaceuticals in comparison to other industries, operational challenges are still huge. We also require strong response on costs to preserve cash to manage volatility in the external environment. But our strong balance sheet provides us the confidence that we will once again emerge resilient.

Last financial year was truly the demonstration of our resilient business model. While defying challenges, we also continued to achieve the growth in almost all our geographies.

This resilience in our business model was built over last 2 decades where we invested in different markets and geographies in a sustained manner to de-risk the business. FY 2020 saw the US generic business contributing meaningfully to your Company's performance.

We continued our focus on building strong brands across the markets. Our consistent efforts to provide differentiated products along with seamless execution allow us to delight our customers, which in turn generates superior quality business for us. This year was no exception as it reconfirmed our capability to take the challenges in the stride and achieve growth on consistent basis - displaying the inherent resilience of the organisation.

The year also saw conclusion of major capex-cycle spread over the last 6 years which saw your Company investing about ₹ 1,600 cr., including investments in three greenfield manufacturing facilities (Dahej, Guwahati and Pithampur) and expansion of R&D centre. This capital was allocated to ensure we continue to be ready for satisfying upcoming opportunities, while maintaining highest quality standards. Most importantly, it was funded entirely from internal accruals. With all these facilities commencing operations, we expect easing of pressure on our operating free cash flow in coming years.

Segment Review

Branded Generic business, which constitute almost 70% of our revenue, is strongly built on providing solutions to the patients for their unmet medical needs through R&D and achieve consistent growth. For the year, it performed well with a growth of 17% and going forward, should achieve a growth in the range of low teens.

Indian Pharmaceutical Market (IPM) saw a volatile movement month over month during FY2020. However, our branded generic business in India grew 13% against industry growth of 11% as per IQVIA MAT March 2020.

DURING THE YEAR, WE LAUNCHED 18 NEW BRANDED GENERIC PRODUCTS IN INDIA, OUT OF THIS 7 WERE FIRST-TO-MARKET

Rajesh M. Agrawal
Joint Managing Director

During the year, we launched 18 new branded generic products in India, out of this 7 were first-to-market.

Branded generic business in Emerging markets of Asia and Africa also performed in line, achieving a growth of 22%. This growth is attributable to our ground presence and customised portfolio of products in each of these markets, providing us an edge over the competition.

The anti-malarial institutional business of Africa grew 25% in FY 2020, on the back of lower base of previous year. Being a business with little uncertainty, in near term we expect the business to remain volatile.

Our efforts in US generics business started paying off, with 7 launches during the year, resulting in a robust growth of 82% in the market. Our resilience was very clearly displayed in this market, where we defied challenges and still achieved growth. We are very positive on this business segment and expect a reasonable growth of high teens in the next couple of years, at the back of 10 to 12 new filings every year.

Financial Highlights

Consolidated revenue from operations grew by 26% to ₹ 2,588 cr., where all the markets performed well across generic business in US and branded generic business in emerging markets of Asia and Africa.

Our EBITDA (Earnings before interest, tax, depreciation and amortisation) margin was 26% as the operating cost of new plants continue to be charged to P&L, whereas the utilisation levels of these new plants were still low. Once these plants achieve reasonable level of capacity utilisation, we will get the benefit of operating leverage and we expect EBITDA margins to improve in coming years. Our net profit for the year grew by 21% to ₹ 468 cr.

Despite the capex of ₹ 240 cr. in FY 2020 we generated operating free cash flow of ₹ 235 cr. in the year. We expect our new capacities to meet the emerging demands for next 5 years and hence, our operating free cash flow is expected to grow further from here.

Ajantaites world over have been instrumental in all our achievements with their dedication and passion to excel in their field of work. Especially during the tough times faced recently, all of them have shown the resilience, overcoming challenges and continued supply of life saving medicines to patients across the world. We place on record our sincere gratitude to all Ajantaites for the same.

Your continued support inspires us to perform better and we acknowledge the same. We do hope that you will continue to repose your faith in us.

Warm Regards,

Yogesh M. Agrawal
MANAGING DIRECTOR

Rajesh M. Agrawal
JOINT MANAGING DIRECTOR

Business Overview

₹2,588 cr.

Consolidated Revenue from Operations

8

Manufacturing Facilities

7,000+

Ajantaites across the world

6%

R&D Spent of Revenue from Operations

Vision

Be a niche player in global pharma space and to enhance value for all stakeholders.

Mission

To serve global healthcare needs through empathy, innovation and technology.

Sales % by Geography (FY 2020)

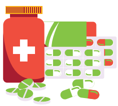
INDIA
30%

USA
20%

AFRICA
19 COUNTRIES
24%

REST OF ASIA
10 COUNTRIES
26%

Growth Drivers



Customised
Market specific product portfolio

Leveraging **brand power**
of our key products

Many **first-to-market**
products

10 to 12 ANDAs
filing in **USA** every year

Specialty segments in India

22 ANDAs waiting approval
from US FDA

Resilience

Defying **Challenges** / Achieving **Growth**

When we started building business in the US, five years ago – we were fully aware of the challenges. The need for building US FDA approved facility was just the beginning. The dynamics of the business does not even allow quick ramp up of production at a facility as product filings and approvals take their own time.

This, naturally, put pressure on our return ratios as we continued to incur fixed cost. Though we were fully aware of it, we needed to do it as we knew it will eventually start paying – and this year saw the beginning of it.

Dahej has our second US FDA approved world-class facility

INDIA

Derma Conference

The branded generics business in India constitute 30% of total business. While the market in India has grown at 11% in FY 2020, your Company has grown at 13%. This has been possible with leveraging our world class R&D capabilities to bring many first-to-market products.

We launched total 18 new products in India across 4 specialty therapies. Out of this, 7 were first-to-market. This includes eye drop Ripatec (Ripasudil), anti-hypertensive drug Azusa (Azilnidipine) and moisturiser Aqurea HF. These launches ensure our continued growth in coming years apart from our existing products like MetXL, Softdrops and others which keep climbing new highs.

EMERGING MARKETS

Our branded generics business in Rest of Asia and Africa grew respectively by 27% and 14% to ₹ 673 cr. and ₹ 349 cr. in the year as we launched 27 new products and our existing brands grew stronger. We also sharpened the focus of our sales force on the ground in these markets by creating separate divisions to focus on various therapies. We also introduced new therapies to some of these markets to find new growth opportunities.

Our anti-malaria institution business for Artimether-Lumefnatrine in Africa grew 25% in the year. We reiterate our stance on the business being lumpy in nature as it depends on funding bodies. However, we expect to protect our market share in the business.

Africa - Apdrops Event

USA

Our conviction for a selective play in the US market proved right with 82% growth in the business for FY 2020. This growth was achieved on the back of 7 new product launches and market share gained by our existing products. US has played key role in the resilience Company displayed amidst adversity.

We continue to work with all major distributors in the US, with an impeccable service record, which enabled us to be a preferred partner for them in the US market. We plan to file 10-12 ANDAs annually and expect about 7-8 products launches in the next financial year.

Ajanta Pharma USA Inc. received the healthcare 'Distribution Industry Award for Notable Achievements (DIANA)' as the Best Overall Generic Manufacturer, in the category of less than $100 million sales to distributors

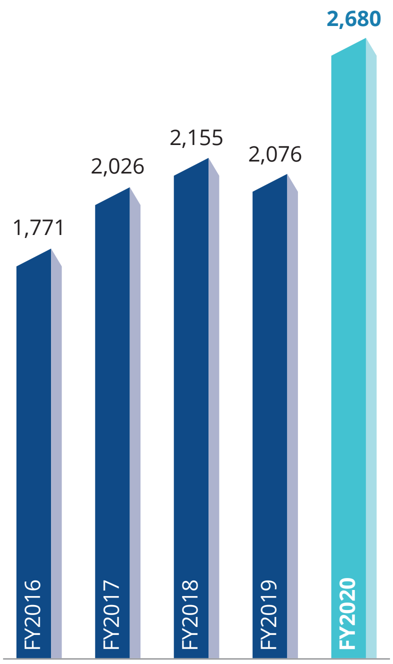
Resilient Infrastructure

After operationalising the expanded wing of R&D building in Mumbai in FY 2019, the Company made significant strides in strengthening manufacturing infrastructure with commissioning of oral solid dosage sections at Guwahati and Pithampur facilities in the last quarter of FY 2020. This brings us to the tail end of a major capex cycle, with only ophthalmic section at Guwahati remaining to be commissioned in Q2 FY 2021.

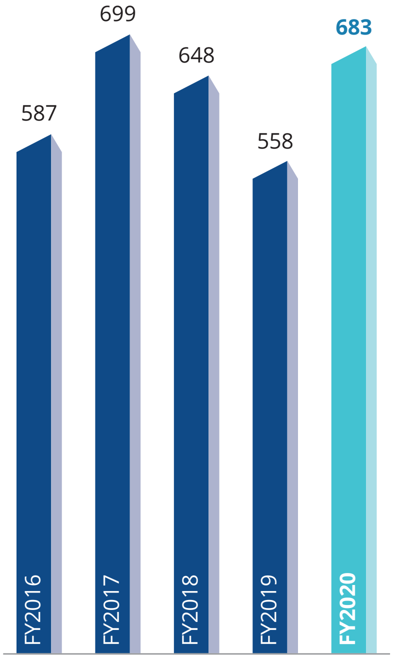
Ajanta Pharma now boasts of a strong and resilient infrastructure. Three green-field manufacturing facilities in addition to earlier 5 facilities would enable us to meet the growth demand for the next 5 years. All these facilities are state of the art, equipped with most advanced machines, capable of complying with the most stringent regulatory requirements. As the utilisation levels of the green-field plants improve, we will see the operating leverage and tax benefit kicking in and our return ratios improving.

Financial Overview

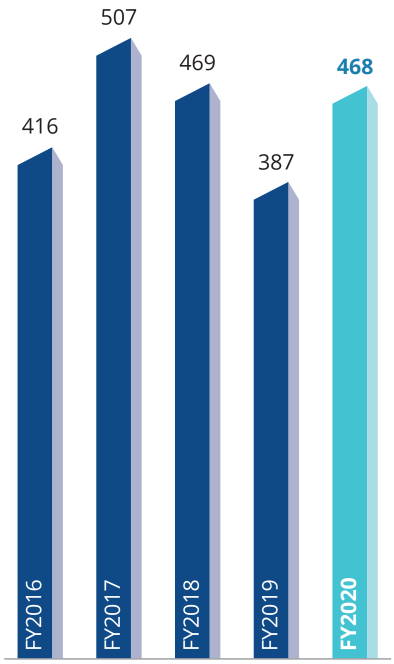
Total Income
(₹ in cr.)



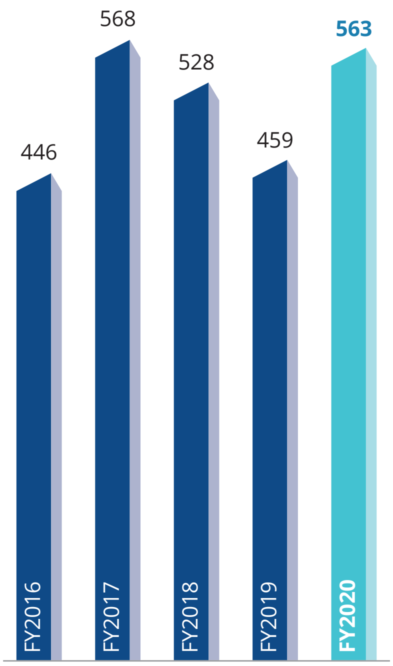
EBITDA
(₹ in cr.)



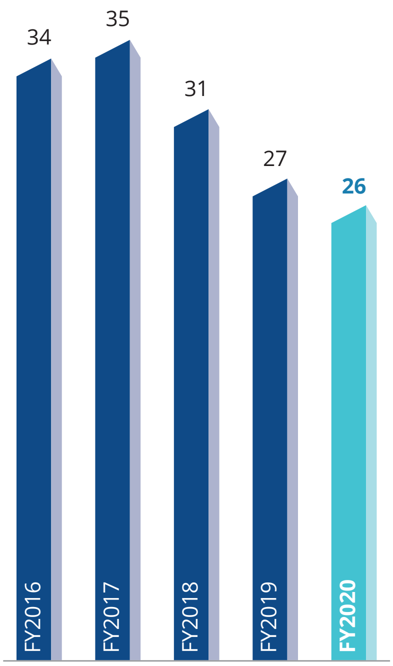
Net Profit
(₹ in cr.)



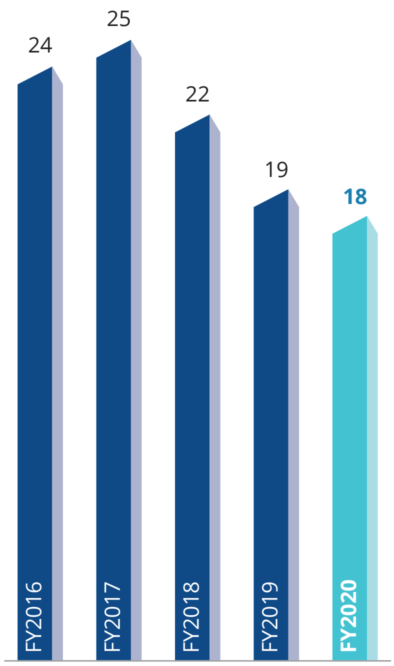
Cash Profit
(₹ in cr.)



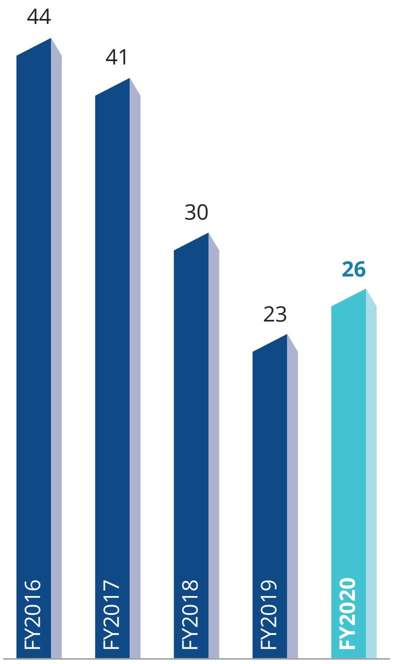
EBITDA Margin
(in %)



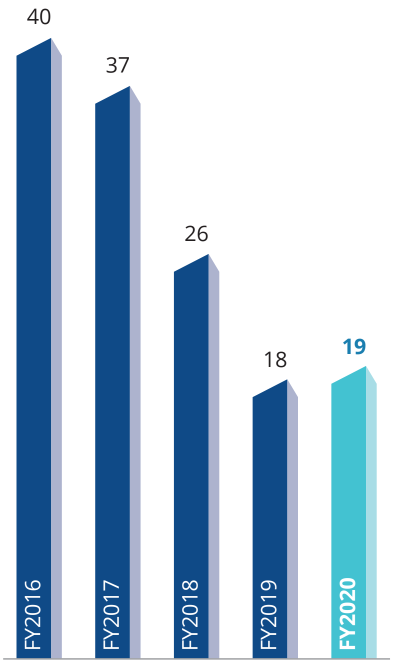
Net Margin
(in %)



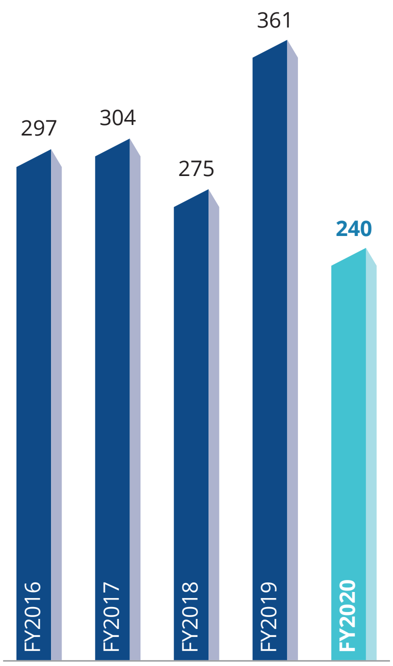
RoCE
(in %)



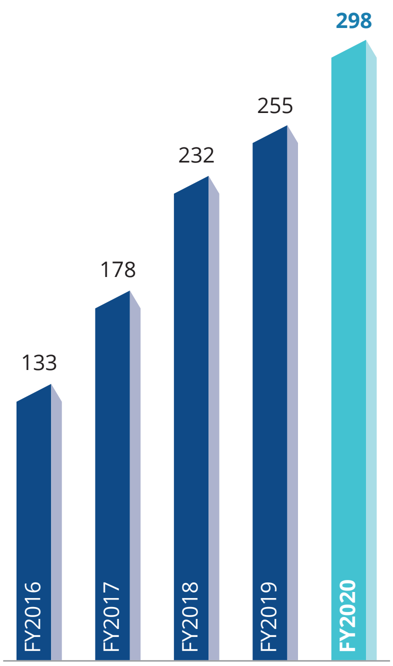
RoNW
(in %)



Capital Expenditure
(₹ in cr.)



Book Value Per Share
(₹)



Corporate Information

Board of Directors

Mannalal B. Agrawal	Chairman
Madhusudan B. Agrawal	Vice Chairman
Yogesh M. Agrawal	Managing Director
Rajesh M. Agrawal	Joint Managing Director
Chandrakant M. Khetan	Independent Director
K H. Viswanathan	Independent Director
Prabhakar R. Dalal	Independent Director
Dr. Anjana Grewal	Independent Director

Chief Financial Officer

Arvind Agrawal

Company Secretary

Gaurang Shah

Auditors

M/s B S R & Co. LLP

Cost Auditors

M/s Sevekari, Khare & Associates

CIN No.

L24230MH1979PLC022059

Registered Office

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Tel: +91 22 6606 1000 / Fax: +91 22 6606 1200 / 1300
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Management Discussion and Analysis

Economic Overview and Outlook

As a result of the COVID-19 pandemic, the global economy is projected by IMF to contract by 3% in 2020, much worse than during the 2008–09 financial crisis. In a baseline scenario - which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound — the global economy is projected to grow by 5.8% in 2021 as economic activity normalizes, helped by policy support. The risks for even more severe outcomes, however, are substantial.

Growth of Emerging Market and Developing Economies is estimated to contract by 1% in 2020 and bounce back to 6.6% in 2021. India is expected to register 1.9% growth in 2020 and 7.4% in 2021.

Effective policies are essential to forestall the possibility of worse outcomes. Necessary measures to reduce contagion and protect lives are important investments for long-term human and economic health.

Pharmaceutical Sector Overview

The pharmaceutical industry is one of the world's fastest growing industries and among the biggest contributors to the world economy. It plays a unique role in improving the lives of patients. Its role has become far more critical amidst the fight against COVID -19 pandemic.

Invoice Spending and Growth

According to the IQVIA Institute paper published in March 2020, global invoice spending has steadily increased from 2014 –2019 with a 5-year CAGR of 4.7% to reach USD 1.2 trillion in 2019. The spending growth is consistent with the increased global use of medicine and is expected to register 3-6% CAGR to USD 1.6 trillion by 2024.

	2019 Spending US $ Bn	2014-2019 CAGR	2024 Spending US$ Bn	2020-2024 CAGR
Developed	822	3.8%	985-1015	2-5%
Pharmerging	358	7.0%	475-505	5-8%
Rest of the World	71	4.8%	85-95	2-5%
Global	**1251**	**4.7%**	**1570-1600**	**3-6%**

Exhibit-1 Source: IQVIA March 2020 Report "Global Medicine Spending and Usage Trends"

Developed Markets

Developed markets grew at a CAGR of 3.8% in the last 5 years to USD 821.6 billion in 2019. This is now expected to grow to USD 985 billion – 1 trillion by 2024, at a CAGR of 2-5%.

As per IQVIA, USA's share in global invoice spending is projected to increase to USD 605-635 billion in 2024 from USD 510 billion in 2019. This will be at a CAGR of 3 - 6% as compared with 4.3% CAGR in the previous 5 years.

Pharmerging Markets

This market grew at 7% CAGR in the last 5 years to USD 357.7 billion. It is now estimated to reach USD 475 – 505 billion in 2024, registering CAGR of 5-8%.

	2019 Spending US $ Bn	2014-2019 CAGR	2024 Spending US $ Bn	2020-2024 CAGR
China	142	6.7%	165-195	5-8%
Brazil	34	9.9%	45-49	6-9%
India	22	9.5%	31-35	8-11%
Russian Federation	15	8.4%	23-27	8-11%
Others (Tier3)	145	6.2%	195-225	5-8%
Total Pharmerging	**358**	**7.0%**	**475-505**	**5-8%**

Exhibit-2 Source: IQVIA March 2020 Report "Global Medicine Spending and Usage Trends"

Most emerging market growth has been driven by access expansions, leading to greater volume use and adoption of more novel therapies. These include specialty medicines, which are projected to contribute more to spending than in previous periods. However, most of the products used in these countries are non-original products, which aids in keeping spending low despite expanding volume. As a result, projections suggest most countries will have slower growth than historical CAGRs.

USD1.2 trillion

Global pharma invoice spending in 2019, significant contributor to world economy

As per the IQVIA, in 2019, the Indian Pharmaceutical Market (IPM) stood at about USD 22 billion, growing at 9.5% CAGR for 2014-19, at the back of volume, price and new launches. The IPM, earlier considered immune to economic downturns, seems to be now defying the trend and has slowed down in tandem with the broader economy. Analysis of IPM's growth drivers indicates slowdown coming from various external forces. Growth from product introduction has reduced substantially as the regulator is more careful with new combination drugs. Frequent regulatory interventions have also added to the woes.

Rest of the World markets grew by 5-year CAGR of 4.8% to USD 71 billion in 2019. This is now estimated to reach USD 85-95 billion by 2024.

Company Overview

Ajanta Pharma is a specialty pharmaceutical formulation company engaged in the development, manufacture and marketing of quality finished dosages. The Company has a well-diversified and de-risked business model with over 70% of business coming from a wide range of branded generic products in over 30 countries in Asia (including India) and Africa. The balance 30% is contributed by generics business in USA and anti-malaria institutional business in Africa.

Our strategy to invest in different markets and geographies in a sustained manner has made our business model quite resilient. We have also built competitive edge in each of the markets by identifying unmet needs and offering customized products. It is this edge that provides us continuous growth.

Performance Highlights

Following analysis and discussion is based on the consolidated financials of the company for the financial year 2020. It covers different business verticals as well as the consolidated financial position as a whole.

India Business

Ajanta Pharma's India business continued to perform well steered by strong focus on high growth specialty segments. Total sales from India business stood at ₹ 769 cr. against ₹ 690 cr. in the previous year.

As per IMS MAT March 2020, the Company outgrew Indian Pharmaceutical Market (IPM) recording 13% growth compared to 11% for the industry, maintaining its healthy track record for last 5 years, as described in Exhibit-3. Company has also improved its ranking in IPM to 30th against 31st last year.

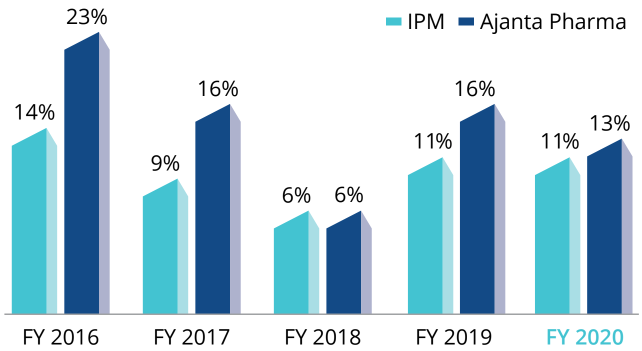


Exhibit-3 Source: Company and IQVIA

The Company continues to strengthen product portfolio through new launches, many of them being first-to-market products, offering significant patient benefits. Apart from new launches, many of the Company's existing products continue to grow their market share.

International business

Total sales from international business for FY 2020 stood at ₹ 1,790 cr. against ₹ 1,324 cr. in the previous year, a growth of 35%. It was primarily backed by robust growth of 82% in the US market and strong growth in branded generics at 27% in Asia and 14% in Africa.

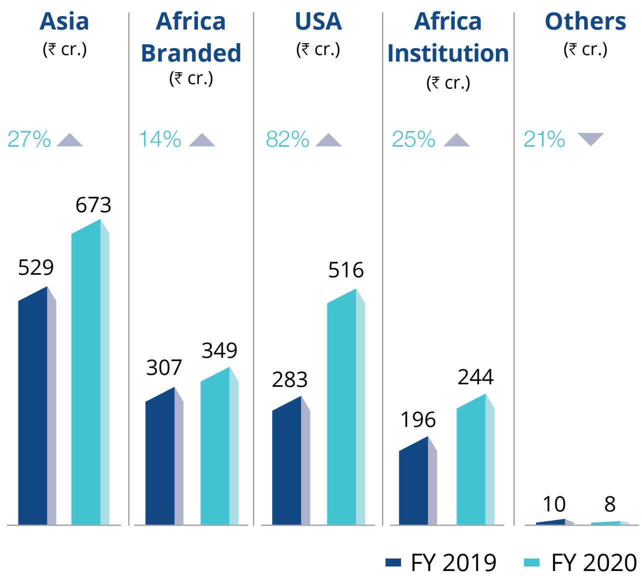


Exhibit-4 Source: Company

Our strategy to invest in different markets and geographies in a sustained manner has made our business model quite resilient

As explained in Exhibit 4 and Exhibit 5, company's exports revenues are contributed by well-diversified markets, avoiding over dependence on any single market.

Export Sales FY20

Exhibit-5 Source: Company

Operational and Financial Performance

It was a year of rebound after small de-growth in the previous year. Our strategy to remain focused on our core markets for growth and investing in the US market has helped us reclaim our growth.

₹ Cr.	FY 2020	*%	FY 2019	*%	% Annual Growth
Export	1,790	69%	1,324	64%	35%
Domestic	769	30%	690	34%	11%
Other Op. Income	29	1%	41	2%	(29%)
Revenue from Operations	**2,588**		**2,055**		**26%**
EBITDA	683	26%	558	27%	22%
PBT	664	26%	514	25%	29%
PAT	**468**	**18%**	**387**	**19%**	**21%**
Total Comprehensive Income	473	18%	384	19%	23%

* - % to Revenue from Operations
Exhibit-6: Source Company

Profit and Loss Statement

Revenue from operations

Revenue from operations stood at ₹ 2,588 cr. in FY 2020 against ₹ 2,055 cr. in FY 2019, registering growth of 26%. The US generic business saw a major pull after 7 products were launched in FY 2020, and annualised sales for products launched during H2 FY 2019 were received.

Material costs

Material cost has seen a major shift during the year, moving from 19% in FY 2019 to 25% in FY 2020, a jump of 600 basis points. This was mainly on account of US business increasing its share in the total revenue and increase in some of the raw material prices. We expect the cost to remain on the same lines in the future.

Employee expenses

Personnel expenses came down by about 200 basis points to 19% this year from 21% last year on the back of faster growth of revenue from operations. Total cost stood at ₹ 486 cr. for FY 2020 as against ₹ 431 cr. in FY 2019. The increase in absolute amount was on account of addition of teams at new plant locations of Pithampur and Guwahati, apart from annual increments provided for the year.

Other expenses

Other expenses stood at ₹ 763 cr. in FY 2020 (29% of revenue from operations) as against ₹ 675 cr. in FY 2019 (33% of revenue from operations), a 400 basis point improvement over previous year. We were able to further improve efficiency in operations with manufacturing, marketing, distribution, R&D and administrative expenses being monitored closely in the face of challenges. R&D cost dropped to 6% of revenue from operations in FY 2020. In absolute amount, it stood at ₹ 164 cr. in FY 2020 against ₹ 176 cr. in FY 2019. Effective steps are being taken to economise on all costs, without impacting the business objectives.

Exceptional item

Pursuant to a fire incident on 31 August 2019 at Guwahati plant, certain property, plant and equipment and inventory were damaged. The Company lodged insurance claim for the damages and the net loss of ₹ 3.92 cr. after adjusting insurance claim receivable has been presented under exceptional item.

Operating Profit Margin

EBITDA in FY 2020 stood at ₹ 683 cr., a 22% growth over previous year and 26% of revenue from operations, as against ₹ 558 cr. in FY 2019, being 27% of operating revenue. Going forward, as the manufacturing capacity utilisation improves for the newly set up facilities, we expect these margins to further improve over a period of time.

Net Profit Margin

Profit After Tax was at ₹ 468 cr. against ₹ 387 cr., a growth of 21% over previous year. Net margins stood at 18% in FY 2020 against 19% in FY 2019.

Return on Net Worth

Return on Net Worth saw an improvement of 100 basis points at 19% in FY 2020 against 18% in FY 2019.

Balance Sheet

Non-current assets

We have added another ₹ 230 cr. in property plant and equipment (including CWIP), in line with our plans to build world-class infrastructure for meeting the future growth requirement. This includes a green field manufacturing facility at Pithampur in Madhya Pradesh and commencement of oral solid section at Guwahati apart from maintenance capex at existing facilities. The non-current assets have gone up to ₹ 1,677 cr. in FY 2020 against ₹ 1,516 cr. in FY 2019.

Current assets

Current Assets came up to ₹ 1,642 cr. in FY 2020 from ₹ 1,180 cr. in FY 2019 mainly because of increase in trade receivables. Trade Receivable saw a major jump against last year in terms of number of days to sales, where it increased to 111 days in FY 2020 from 83 days in FY 2019 on the back of growing US operations. The absolute amount stood at ₹ 775 cr. in FY 2020 against ₹ 459 cr. in FY 2019.

Inventories in terms of number of days to sales, has improved to 71 days in FY 2020 from 79 days in FY 2019. In absolute amount, it has increased to ₹ 496 cr. in FY 2020 against ₹ 436 cr. in FY 2019.

Current Ratio for FY 2020 stood at 2.7 against 3.1 in FY 2019.

Shareholders' funds

Shareholders' funds increased to ₹ 2,599 cr. in FY 2020 from ₹ 2,245 cr. in FY 2019. Earnings per share stood at ₹ 54 in FY 2020 from ₹ 44 in FY 2019.

During the year, Company returned ₹ 116 cr. of shareholders' fund to its shareholders through dividend.

Non-current liabilities

Increase in deferred tax and lease liabilities for ₹ 34 cr. have taken non-current liabilities to ₹ 114 cr. in FY 2020 from ₹ 73 cr. in FY 2019.

Current liabilities

Trade payables for increased US business resulted in higher current liability at ₹ 606 cr. in FY 2020 against ₹ 378 cr. in FY 2019.

The year ahead seems challenging due to the prevalent COVID 19 situation and require a tremendous response on costs. Efficient operations, cost optimization and delivery automation will be the key focus areas going into the next year. We also anticipate our working capital to increase, but our strong balance sheet combined with a focus on cash conservation provides us the confidence that we will emerge stronger and better.

Consolidated Cash Flow

Company had a healthy cash flow during FY 2020, the snapshot of this is in Exhibit 7.

With our major capex cycle coming to conclusion with all major greenfield projects getting completed, we expect the free cash flows to improve in coming years.

₹ cr.

Particulars	FY 2020	FY 2019
Opening Cash and Cash Equivalents	95	91
Cash flows from:		
a) Operating Activities	457	374
b) Investing Activities	(224)	(223)
a) Financing Activities	(129)	(147)
Effect of exchange rate changes	3	0
Closing Cash and Cash Equivalents	**202**	**95**

Exhibit-7: Source Company

Empowered Team

Your Company's Human Resource Development efforts aim to make Ajanta a preferred place to work. This is being achieved through various initiatives including skill development, personality enhancement, passionate leisure pursuits and employee engagement through internal communications to foster happiness at work.

Ajanta Pharma has a diverse talent pool of over 7000+ Ajantaites. The Company acknowledges the indispensable role of Ajantaites in driving continued success.

Talent management at Ajanta means having most skilled and engaged Ajantaites delivering their best in their current roles while getting ready for higher responsibilities.

Making Ajanta a **preferred place** to work

Risk Management

While we are writing this report, we are in the midst of COVID-19 pandemic. There is high level of uncertainty about the duration of the lockdown and the time required for things to get normal. The extent to which COVID-19 pandemic will impact the operations and financial results is dependent on the future developments, which are highly uncertain. This is a major risk in the immediate future and its long term impact needs to be assessed.

Your Company has been proactive in terms of managing risks in an organised manner. A review of the risk management policy is carried out Annually by the Risk Management Committee and the Board of Directors so as to ensure that new risks which might arise or the impact of existing risks which might have increased are identified and a proper strategy is put in place for mitigating such risks.

During the year, major risks identified and their mitigation plan are enumerated hereunder:

Regulatory Risk

Pharmaceutical industry is a highly regulated segment with many local and overseas agencies monitoring it. The regulatory framework covers entire spectrum of activities like, development and approval of product, approval of manufacturing facilities, etc. Hence, the regulatory risk is one of the significant risks identified by the management. Company has implemented detailed Standard Operating Procedure (SOP) for every important activity, has a strong quality assurance function (QA), robust IT framework for compliance, monitoring and documentation, etc. for mitigating the regulatory risks.

Competition & Price Control Risk

Being a global pharmaceutical player, selling branded generic and generic formulations across the globe, competition and price pressures are common risk in all markets. Company has a strong mitigation mechanism for this risk with the strategy to launch differentiated high-value products meant for specialty segments and first-to-file products having latest off-patent molecules. Further, we keep improving operational efficiencies to rationalize costs.

Forex Risk

About 70% of the company's turnover comes from exports and hence, foreign currency risk is one of the important risks it has to manage on continuous basis, some of them being adverse sharp movement in local/overseas currency rates. Company has a Forex policy and forex risk management committee in place to manage forex exposure. It manages forex risk with hedging about 50% of its foreign currency exposures with plain vanilla forwards.

Financial Risk

Tax uncertainty and debtor default could have adverse financial impact. Credit risk is the risk that a counter party does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The mitigation plan includes dealing mainly with stockists, distributors and customers who have been transacting with the group for long periods and credit limits established for all customers based on rating criteria.

Data Security Risk

Data security breach can result in increased internal and external security threats, leading to business disruption, reputational damages and litigations. An elaborate mitigation plan is in place including access restrictions, firewalls, backups and documented antivirus policy.

Economic & Political Environment Risk

Company's operations span across the globe having diverse political and economic environments. Any adverse change like political instability leading to policy uncertainty, tariff/ trade wars, economic sanctions, leading to weakening of Global economy may impact company's business. Company continuously evaluates political and economic scenario across the globe and restricts overall exposure to identified countries, in terms of sales and invested capital.

Internal Controls and Adequacy

Your Company has implemented an Internal Financial Control (IFC) framework to ensure proper internal controls over financial reporting. Internal Controls safeguard Company's assets against loss from unauthorised use and ensures reliability of financial reporting. It is also designed for effectiveness and efficiency of operations, compliance or regulations backed by strong audit framework at all the locations. A well-defined system of internal audit is in place so as to independently review and strengthen these internal controls. The Audit Committee of the Company reviews the reports of the internal auditors quarterly and recommends steps for further improvement of the internal controls.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates, expectations may be forward-looking statements. Actual results may differ materially from those expressed or implied due to various risks and uncertainties. Important factors that could make a difference to the Company's operations include economic and political condition in India and in the countries in which the Company operates, volatility in currency rates, changes in government regulations and policies, tax laws, statutes and other incidental factors. The Company does not undertake to update these statements.

Directors' Report

Dear Shareholders,

Your Directors present their Forty-First Annual Report and Audited Financial Statements for the Year ended 31 March 2020.

1. Financial performance

(₹ in cr. except EPS)

Particulars	Standalone		Consolidated	
Year ended 31 March	**2020**	**2019**	**2020**	**2019**
Revenue from operations	2,196	1,773	2,588	2,055
Other Income	184	102	92	21
Profit before Depreciation, Finance Costs and Tax expense	717	583	776	588
Profit after Tax	441	392	468	387
Total Comprehensive Income	439	390	473	384
Earning Per Share (EPS) (₹) (Basic)	50.55	44.51	53.60	43.97

2. Performance Review

There is no change in the nature of business of the company and it continues to operate only in one segment i.e. Pharmaceutical.

Your company achieved a growth of 26% in Consolidated Revenue from Operations over the previous year, while Consolidated Profit After Tax grew at 21%. Exports contributed around 70% of the business. We commenced operations at newly set up Pithampur manufacturing facility as also oral solid section at Guwahati. Sterile Ophthalmic section at Guwahati will be operationalised in the next financial year, after which the major capex plans of the company will come to conclusion. Management Discussion & Analysis forming part of this report further gives the details of major events occurred during the year as well as state of company's affairs.

3. Dividend

The Board had during the year, declared and paid interim dividend of ₹ 13/- (650%) per equity share in accordance with the dividend policy. Total dividend payout was ₹ 115.93 cr. including dividend distribution tax. With a view to conserve the resources for the business operations, Board recommends interim dividend to be considered as final.

The Dividend Distribution Policy is placed on the website of the company and its weblink is http://www.ajantapharma.com/AdminData/PolicyCodes/DividendPolicy.pdf

4. Subsidiaries, Associates and Joint Ventures

Your company continues to have five subsidiaries overseas, including one step down subsidiary and there were no changes in the same during the year. Financials of subsidiaries are included in the consolidated financial statements, which forms part of this Annual Report. There have been no material change in the nature of business of subsidiaries. The Company does not have any Associate company or Joint Venture.

All the subsidiaries have contributed positively in the growth and profitability of the company. Statement containing salient features of financials of subsidiaries pursuant to Section 129 of the Companies Act, 2013 ("Act") read with Rule 5 and 8(1) of the Companies (Accounts) Rules, 2014, is annexed as "**Annexure A**" to this Report in the prescribed Form AOC-1.

Audited Financial Statements of Company's subsidiaries are available on Company's website at www.ajantapharma.com and the same are available for inspection at the Registered Office of the Company. The same will also be made available to interested members upon getting request.

Web-link of the Policy for Material Subsidiaries can be accessed at http://www.ajantapharma.com/AdminData/PolicyCodes/PolicyonMaterialSubsidiaries2019.pdf

5. Consolidated Financial Statements

The Annual Audited Consolidated Financial Statements for the financial year ended 31 March 2020, together with Report of Auditors' thereon, forms part of this annual report.

6. Share capital

During the year, 7,500 shares were issued against the options exercised and 500 new options were granted under Ajanta Pharma Share Based Incentive Plan 2019. Disclosures with regard to Employees' Stock Options Scheme are put up on the Company's website and can be accessed at http://www.ajantapharma.com/AnnualReports.aspx

7. New projects & CAPEX

Company places emphasis on building infrastructure to be future ready and to keep tab with the growing needs. During the year, third phase of Guwahati plant, new manufacturing facility in Pithampur, Madhya Pradesh and new R & D building in Kandivli, Mumbai were completed and became fully functional. Expansion of facility at Dahej has been commenced and the same is expected to be over by December 2020.

During the year, an amount of ₹ 245 cr. was incurred on capex.

8. Directors and Key Managerial Personnel

During the year, Dr. Anil Kumar resigned on 3 April 2019. There were no changes in Key Managerial Personnel during the year.

8.1. Independent Directors

All the Independent Directors have given declarations that they continue to meet the criteria of independence as laid down under Section 149(6) of the Act and Rules made thereunder and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). They have also affirmed compliance to the Code of Conduct for Independent Directors as prescribed in Schedule IV of the Act. Based on disclosures provided by them, none of them are disqualified from being appointed as Director under Section 164 of the Act and are independent from the management.

8.2. Re-appointment of Whole time Director

Based on recommendation of the Nomination & Remuneration Committee, Board of Directors have, subject to approval of Members, re-appointed Mr. Madhusudan B. Agrawal (DIN: 00073872) as Vice-Chairman for a period of 5 years with effect from 1 April 2020. Resolution seeking approval of members for his re-appointment forms part of the notice of the Annual General Meeting, forming part of this report.

8.3.Retirement by rotation

Mr. Mannalal B. Agrawal retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

8.4.Policies on appointment and remuneration of Directors

Policy for determining qualifications of directors and Policy for remuneration of Directors approved by the Nomination and Remuneration Committee of the Board of Directors, are available at (http://www.ajantapharma.com/AdminData/PolicyCodes/PolicyfordeterminingqualificationsofDirectors.pdf) and (http://www.ajantapharma.com/AdminData/PolicyCodes/Policyforremuneration2018.pdf)

The same are briefly mentioned in Corporate Governance Report, which forms integral part of this report.

8.5. Key Managerial Personnel

Mr. Yogesh M. Agrawal, Managing Director (DIN: 00073673), Mr. Rajesh M. Agrawal, Joint Managing Director (DIN: 00302467), Mr. Arvind Agrawal, Chief Financial Officer (DIN: 00648589) and Mr. Gaurang Shah, Company Secretary (FCS No.: 6696) are the Key Managerial Personnel of the Company as on the date of this report.

8.6. Independent Director's familiarisation programme

Company continued to familiarise Independent Directors with business operations, critcal functions and other important aspects to enable them to contribute on fully-informed basis and discharge their functions and responsibilities effectively.

During the year, the Independent Directors were familiarised with following:

i. Annual Budget and capex plan for FY 2020;

ii. Overview of US operations;

iii. Commercial aspects of sourcing of APIs/other materials;

iv. Corporate Governance @ APL and corporate law amendments.

Details of familiarisation programme imparted is placed on the company's website and its weblink is:

http://www.ajantapharma.com/AdminData/DirectorFamiliarizationProgram/Directorsfamiliarisationprogramme.pdf

8.7. Board and Directors' evaluation

Performance evaluation of the Board as whole, individual directors and of the Board Committees, was carried out by Board of Directors, as suggested by the Nomination and Remuneration Committee. The evaluation was done in accordance with the framework and criteria laid down by the Committee. Further, at a separate meeting, the Independent Directors evaluated performance of Non-Independent Directors, Board as a whole and of the Chairman of the Board.

Manner of evaluation of Board of Directors performance and matters incidental thereto, are detailed in the Corporate Governance Report, which forms part of this report. Board of Directors were satisfied with the evaluation process and expressed satisfaction over performance of individual directors, Board as a whole and of the Board Committees, as revealed by the evaluation reports.

9. Board meetings

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

10. Board Committees

Details of composition of various Board Committees and matters incidental thereto are provided in the Corporate Governance Report.

11. Related Party Transactions and Policy

All the Related Party transactions (RPTs) entered into during the financial year were on an arm's length basis and in the ordinary course of business and in accordance with the Company's Policy on Related Party Transactions. Pursuant to Regulation 23(3) of the Listing Regulations and Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee granted omnibus approvals to the transactions likely to be entered into by the Company with related parties during the year. The Audit Committee also reviewed all RPTs on quarterly basis. All the RPTs affected during the year are disclosed in the notes to Financial Statements.

Company's Policy on Related Party Transactions is uploaded on the website and its weblink is http://www.ajantapharma.com/AdminData/PolicyCodes/PolicyonRelatedPartyTransactions2019.pdf

There were no material related party transactions that required disclosures under Section 134(3)(h) of the Act.

12. Corporate Social Responsibility (CSR)

Company considers its economic, environmental and social responsibility to foster sustainable local development as well as add value to the local economy in which it operates.

During the year, Company continued several initiatives under the CSR program, directly as well as through agencies permitted under the Act, for the benefit of thousands of underprivileged in rural & tribal areas. These included, conducting cataract surgery camps, skin camps, family welfare camps, providing subsidised food for patients & relatives and various educational initiatives at schools & colleges.

Company also donated to PM Cares Fund, Government of Maharashtra and Brihanmumbai Municipal Corporation for supporting their fight against COVID-19, as also provided ventilators, thermal thermometers, sanitisers and protective gears such as latex gloves, gamex gloves, N-95 masks, PPE kits, etc. for the same.

The CSR Committee reviews and monitors the CSR projects and expenditure undertaken by the Company on a regular basis.

CSR policy and CSR activities undertaken during the year in accordance with Section 134 & 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014, are annexed to this report as "**Annexure B**".

13. Management Discussion and Analysis

A detailed review of the operations, performance and future outlook is given in the Management Discussion and Analysis, which forms part of this report.

14. Report on Corporate Governance

Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by the Securities and Exchange Board of India ("SEBI"). Report on Corporate Governance together with certificate from the Practicing Company Secretary regarding compliance of conditions of Report on Corporate Governance, is annexed and forms an integral part of this report.

15. Business Responsibility Report

Business Responsibility Report (BRR) for FY 2020, forms part of the Annual Report and as a green initiative the same has been hosted on the Company's website, which can be accessed at http://

www.ajantapharma.com/AnnualReports.aspx Any Member interested in obtaining a copy of BRR may write to the Company Secretary.

16. Credit Rating

The Company's bank facilities are rated by Credit Analysis and Research Limited (CARE). They have assigned rating Care A1+ for working capital facilities and Care AA for long term borrowings, which indicates very strong/high degree of safety regarding timely payment of financial obligations.

17. Annual Return

As per Rule 12(1) of the Companies (Management & Administration) Rules, 2014, an extract of Annual Return in Form MGT. 9 forms part of this report and is annexed as "**Annexure C**". Annual Return as per Section 92(3) of the Act is available at http://www.ajantapharma.com/AnnualReports.aspx

18. Auditors

18.1. Statutory Auditors

At the 38th Annual General Meeting held on 5 July 2017, the shareholders had approved appointment of B S R & Co. LLP., Chartered Accountants (ICAI Firm's Registration No. 101248W/W-100022) as the Statutory Auditors for a period of 5 years commencing from the conclusion of the 38th Annual General Meeting until the conclusion of 43rd Annual General Meeting. Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI, in pursuance of the Listing Regulations.

Auditor's Report for the year under review forms part of this annual report. It does not contain any qualifications, reservations or adverse remarks.

18.2. Internal Auditors

M/s. Ernst & Young LLP conducted internal audit of important centralised functions. For other locations, viz. factories, C&F agents and warehouses, local Chartered accounting firms having requisite expertise and resources are appointed as internal auditors. Internal audit findings are discussed at the meetings of Audit Committee and appropriate actions are taken by concerned functions/locations.

18.3. Secretarial Auditors

Pursuant to provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the Listing Regulations, Board had appointed M/s. Alwyn D'Souza & Co., Practicing Company Secretary to undertake the Secretarial Audit of the Company. Secretarial Audit Report in prescribed Form No. MR-3 is annexed to this report as "**Annexure D**". There are no qualifications or reservations or adverse remarks in the Secretarial Audit Report.

18.4. Cost Auditors

The company maintains cost records as per the provisions of Section 148(1) of the Act and the same are audited by the Cost Auditors. Cost Audit Report for the financial year 2018 - 19 has been filed with the Ministry of Corporate Affairs on 26 August 2019.

Board has appointed M/s. Sevekari, Khare & Associates, Practicing Cost Accountants to audit the cost records of the Company for the financial year 2020 - 21. Their remuneration is subject to ratification by shareholders at the ensuing Annual General Meeting. Accordingly, resolution seeking members' ratification of their remuneration, forms part of the Notice convening the 41st Annual General Meeting. Board recommends the same for approval of members.

During the year under review, the statutory auditors, internal auditors, secretarial auditors and cost auditors have not reported any instances of fraud committed in the Company by its officers or employees.

19. Annual Secretarial Compliance Report

M/s. Alwyn D'Souza & Co., Practicing Company Secretary, have issued Secretarial Compliance Report for the year ended 31 March 2020, which confirms that the Company has maintained proper records as stipulated under various Acts, Rules and Regulations and that no action has been taken against the Company or its material subsidiaries or promoters/directors by the SEBI/Stock Exchanges.

20. Internal Control System, Risk Management and Compliance Framework

The Company has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls. It also has Risk Management framework in place which defines roles and responsibilities at various levels of the risk management process.

Board has set up Risk Management Committee (RMC) as per details set out in the Corporate Governance report. Audit Committee and RMC reviews key risk elements of the company's business, finance, operations & compliance and its mitigation strategies. RMC reviews key strategic, business, compliance and operational risks; whereas issues around ethics and fraud, internal control over financial reporting, process risks and their mitigation, are reviewed by the Audit Committee. Risk Management system followed by the Company is detailed in the Management Discussion and Analysis report.

21. Vigil Mechanism/Whistle Blower policy

Company has been observing zero tolerance for any form of unethical behaviour. In accordance with Section 177(9) of the Act, Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the Listing Regulations, Company has set up vigil mechanism viz., Whistle Blower Policy to enable the employees and Directors to report to the Audit Committee Chairman, genuine concerns, unethical behavior and irregularities, if any, noticed by them in the Company, which could adversely affect company's operations.

It is posted on the intranet and website of the Company and the same is available at http://www.ajantapharma.com/AdminData/PolicyCodes/WhistleBlowerPolicy2019.pdf The same is reviewed by the Audit Committee from time to time. No concerns or irregularities have been reported by employees/directors till date.

22. Managerial Remuneration and particulars of employees

There were 7,167 permanent employees of the Company as of 31 March 2020. The information pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report as "**Annexure E**".

Information pursuant to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 also forms part of this report. However, this information is not sent along with this report pursuant to proviso to Section 136(1) of the Act. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary at the registered office address of the Company.

23. Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments, pursuant to provisions of Section 186 of the Act, are given in Notes to Financial Statements.

24. Deposits

Your Company has not accepted any deposits from the public falling within the purview of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

25. Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors confirm:

a. that in the preparation of the annual accounts for the year ended 31 March 2020, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;

b. that the directors had selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31 March 2020 and of the profit of the company for the period;

c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. that the annual accounts/financial statements have been prepared on a going concern basis;

e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;

f. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

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

Pursuant to Section 134 of the Act read with Companies (Accounts) Rules, 2014, particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo, are given in "**Annexure F**" to this report.

27. Unclaimed Dividend/Shares

In pursuance of Regulation 39 read with Schedule VI of the Listing Regulations, the details of shares lying in unclaimed suspense account and unclaimed shares/dividend transferred to IEPF, are provided in the Corporate Governance Report.

28. Compliance with Secretarial Standards

During Financial Year 2020, the Company has complied with all applicable mandatory Secretarial Standards issued by the Institute of The Company Secretaries of India.

29. Material changes & commitment affecting the financial position of the company

There are no material changes and commitments affecting the financial position of the company, which have occurred between the end of the financial year and the date of this report. There has been no change in nature of business of the Company.

30. Significant & material orders passed by the Regulators or Courts or Tribunals

No significant or material orders have been passed against the Company by the Regulators, Courts or Tribunals, which impacts the going concern status and company's operations in future.

31. Human Resource, Health & Safety

Human resources are invaluable assets of the Company. It believes that its employees are pivotal to all the initiatives that drive to realise its plans. Company takes pride in its human capital, which comprises people from diverse backgrounds and cultures. The organisation's achievements are an outcome of efforts, dedication and conviction demonstrated by its people. Company maintains highest standards of health and safety in all the plants.

Various training and grooming programs, sports events and fun events like cricket tournament, karaoke competition, hobby classes like clay Ganapati making, kettle painting etc. were conducted during the year as part of employee engagement and motivation initiatives.

32. Policy on sexual harassment of women at work place

The Company has put in place and has complied with the provisions of Policy on prevention, prohibition and redressal of sexual harassment of women at workplaces in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the Internal Complaints Committees (ICC), whilst dealing with issues related to sexual harassment at the work place. All women employees (permanent, temporary, contractual and trainees) are covered under this policy.

Company has set up ICC at all the locations where there are more than 10 women employees, to address the complaints regarding sexual harassment. The company has not received any complaints during the year. Policy is available on intranet of the company.

The Company is committed to providing safe and conducive work environment to all of its employees and associates.

33. Gratitude & Acknowledgements

Your Directors convey a sense of high appreciation to all employees of the Company for their commitment, hard work, significant contributions and continued dedication. The Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company. They also acknowledge the whole-hearted support, encouragement and co-operation received by it from various departments of the Governments & other statutory bodies, financial institutions, banks, distributors, suppliers, business associates, analysts, medical professionals and customers.

For and on Behalf of the Board of Directors,

Mannalal B. Agrawal
Chairman

Mumbai, 20 May 2020

ANNEXURE - "A" TO THE DIRECTORS' REPORT - AOC-1

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

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

Part "A" - Subsidiaries

₹ in cr.

Sl. No.	Name of the Subsidiary	Ajanta Pharma (Mauritius) Limited (Consolidated)	Ajanta Pharma Philippines Inc.	Ajanta Pharma USA Inc.	Ajanta Pharma Nigeria Limited
	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20
	Reporting currency for the subsidiary	Mauritian Rupee	Philippine Peso	US Dollars	Nigerian Naira
1.	Reporting exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries Rupee equivalent of 1 unit of foreign currency as at 31 March 2020 (₹)	1.93	1.48	75.67	0.19
2.	Share Capital	9.44	1.38	6.07	1.37
3.	Reserves & Surplus	88.95	89.86	34.77	(0.84)
4.	Total Assets	110.61	149.80	599.38	1.01
5.	Total Liabilities (excluding Share Capital and Reserves & Surplus)	12.22	58.55	558.54	0.48
6.	Investments	12.27	-	-	-
7.	Turnover	315.38	206.94	515.09	1.68
8.	Profit before taxation	82.49	49.17	13.68	(0.89)
9.	Provision for taxation	3.91	15.61	(1.27)	(0.27)
10.	Profit after taxation	78.57	33.56	14.96	(0.62)
11.	Proposed Dividend	-	-	-	-
12.	% of shareholding	100%	100%	100%	100%

Note:

1) Ajanta Pharma (Mauritius) Limited consolidated figures includes its wholly owned subsidiary Ajanta Pharma (Mauritius) International Limited.

Part "B" - Associates and Joint Ventures: None

For and on behalf of Board of Directors of Ajanta Pharma Limited

Yogesh M. Agrawal
Managing Director
DIN: 00073673

Rajesh M. Agrawal
Joint Managing Director
DIN: 00302467

Arvind Agrawal
Chief Financial Officer

Gaurang Shah
Company Secretary
FCS No. 6696

Mumbai, 20 May 2020

ANNEXURE - "B" TO THE DIRECTORS' REPORT - REPORT ON CSR

[Pursuant to Section 134(3)(o) of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

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

   CSR policy is appended.

   Weblink: http://www.ajantapharma.com/AdminData/PolicyCodes/CSRPolicy2018.pdf

2. Composition of the CSR Committee:
   Mr. Mannalal B. Agrawal - Chairman
   Mr. Chandrakant M. Khetan - Member
   Mr. Yogesh M. Agrawal - Member

3. Average Profit before tax of the company for last three financial years: ₹ **544.34 cr.**

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ **10.89 cr.**

5. Details of CSR spent during the financial year:

   (a) Total amount spent for the financial year: ₹ **14.97 cr.**

   (b) Amount unspent, if any: **Nil**

   (c) Manner in which the amount spent during the financial year is detailed below:

₹ lakhs

SL.	CSR project / activity	Sector*	Location – State/ Dist.	Budget	Amount Spent	Direct / Agency
1.	Medical Assistance (Eye care, family planning, hospital charges, subsidised food, hospital facility upgradation, etc.)	A	Maharashtra	400	678	Agency #
2.	Educational activities in schools	B	All India	150	140	Agency # / Direct
3.	Improving education infrastructure	B	Maharashtra	500	530	Direct
4.	Other miscellaneous activities	C	Maharashtra	39	149	Agency # / Direct
	TOTAL			**1,089**	**1,497**	

*Refers to details of sectors below:
A - Promoting health care including preventive health care
B - Promoting education, including special education
C - Reducing inequalities faced by socially & economically backward group
Mainly Samta Foundation

6. Details of major activities carried out during the year:

Cataract eye surgeries	59,000+ patients
Skin treatment Camps	30,000+ patients
Assistance to schools, colleges, technical institutes, etc.	32+ schools/colleges & 30,000+ students

7. The Corporate Social Responsibility Committee of the Company hereby confirms that the implementation & monitoring of CSR policy, is in compliance with CSR objectives & policy of the Company.

For Ajanta Pharma Limited

For and on behalf of the Corporate
Social Responsibility Committee of Ajanta Pharma Limited

Yogesh M. Agrawal
Managing Director

Mannalal B. Agrawal
Chairman of the Corporate Social Responsibility Committee

Mumbai, 20 May 2020

CSR POLICY

Background

Corporate Social Responsibility at Ajanta Pharma stems from the ideology of providing sustainable value to the society in which the company operates. While meeting the interests of our stakeholders, we recognise the importance of contributing towards development of the underprivileged Sections of the society and are committed to execute it responsibly. Through our small contribution, we aspire to improve the quality of life of the weaker Sections in the society by making available some basic necessities which are not easily accessible and/or available to them.

CSR Policy

The programs under Ajanta's CSR policy primarily rest on 4 broad categories: Healthcare, Education, Community Development and Ecology. These programs are aimed at long-term sustainability and inclusive development. With special emphasis on areas around Company's operational locations, the programs are designed and implemented taking into consideration specific needs of each area.

1. In Healthcare, our aim is to provide medical assistance to rural underprivileged living in remote village areas with initiatives like:

    a. Free medical camps for health, eye, cataract surgeries, family welfare and related areas;

    b. Developing basic infrastructure around government hospitals for people visiting from remote areas like shelter, subsidised food and similar facilities.

2. In Education, our efforts concentrate on providing quality learning at affordable cost in rural areas by aiding schools, vocational skill centers and related institutions.

3. In community development we advocate and support sustainability in rural areas giving assistance for safe drinking water, community halls, parks, welfare of victims of natural calamities, amenities in government hospitals, subsidised meals for needy patients & relatives, other such initiatives.

4. For maintaining a balance in the eco-system, we support and initiate programs for continual improvement in Environment, Health and Safety standards.

5. On selective basis, we contribute to Government, voluntary organisations and academic institutes working on any of the causes listed in Schedule VII of the Companies Act, 2013 & Rules framed thereunder.

6. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

Company may undertake its CSR activities as described in Schedule VII of the Companies Act, 2013 (i) on its own or (ii) through a registered trust or a registered society or a company established under Section 8 either singly or alongwith its holding/subsidiary or associate company or (iii) by any trust, society or company having an established track record of three years in undertaking similar programs or projects.

Budget

Minimum of 2% of the Average Net Profit (before tax) of the preceding three years will be allocated every financial year for CSR activities. The expenditure incurred on capacity building programs such as training, workshops, seminars, conferences, etc. and on corporate communication strategies for engagement of all stakeholders, whether internal or external to implement CSR of the company will be accounted as CSR expenditure. Unspent CSR budget of the Company, if any, in any financial year will be allowed to lapse and will not be carried forward in next year.

Monitoring and Review

The company Board has formed CSR Committee who will oversee the policy execution and prepare monitoring mechanism to ensure implementation of the projects, programmes and activities proposed to be undertaken by the Company as per the Policy.

The CSR Policy shall be periodically reviewed and appropriately revised by the CSR Committee.

ANNEXURE - "C" TO THE DIRECTORS' REPORT - MGT.9

Extract of Annual Return as on financial year ended 31 March 2020

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L24230MH1979PLC022059
2.	Registration Date	31.12.1979
3.	Name of the Company	Ajanta Pharma Limited
4.	Category/Sub-category of the Company	Company having Share Capital
5.	Address of the Registered office & contact details	'Ajanta House', 98 Govt. Industrial Area, Charkop, Kandivli (West), Mumbai - 400 067 Tel. No.: +91 022 66061000 Fax No.: +91 022 66061200 Website: www.ajantapharma.com Email: investorgrievance@ajantapharma.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400 083 Tel No.: +91 022 49186000 Fax No.: +91 022 49186060 Email: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10% or more of the total turnover of the company shall be stated):

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Pharmaceutical products	21002	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and address of the company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Ajanta Pharma USA Inc. 440 US Highway, 22E Suite 150, Bridgewater, NJ 08807	N.A.	Subsidiary	100%	2(87)
2.	Ajanta Pharma Philippines Inc. Unit 1702, AXA Life Bldg., 1286, Sen. Gil Puyat Ave., Makati City, Philippines	N.A.	Subsidiary	100%	2(87)
3.	Ajanta Pharma Mauritius Limited BPML Building, Goodlands, Mauritius	N.A.	Subsidiary	100%	2(87)
4.	Ajanta Pharma Mauritius International Limited C/o Ocorian Corporate Administrators Limited 6th Floor, Tower A, 1 Cyber City, 72201 Ebene Republic of Mauritius	N.A.	Subsidiary	Step down Subsidiary	2(87)
5.	Ajanta Pharma Nigeria Limited Block 6, House 6B, Houson Wright Estate, Oregun, Lagos	N.A.	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN:

(Equity Share Capital Breakup as percentage of Total Equity)

A) Category-wise Shareholding

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year – 2019				Shareholding at the end of the year – 2020				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Shareholding of Promoter and Promoter Group**									
[1]	**Indian**									
(a)	Individuals / Hindu Undivided Family	5,31,36,339	-	5,31,36,339	60.90	5,31,36,339	-	5,31,36,339	60.89	(0.01)
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)									
	Bodies Corporate	83,92,262	-	83,92,262	9.62	83,92,262	-	83,92,262	9.62	-
	Sub Total (A)(1)	**6,15,28,601**	**-**	**6,15,28,601**	**70.52**	**6,15,28,601**	**-**	**6,15,28,601**	**70.51**	**(0.01)**
[2]	**Foreign**									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	**6,15,28,601**	**-**	**6,15,28,601**	**70.52**	**6,15,28,601**	**-**	**6,15,28,601**	**70.51**	**(0.01)**
(B)	**Public Shareholding**									
[1]	**Institutions**									
(a)	Mutual Funds / UTI	76,24,087	-	76,24,087	8.74	80,75,735	-	80,75,735	9.25	0.51
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	3,66,250	-	3,66,250	0.42	6,65,477	-	6,65,477	0.76	0.34
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor	85,30,463	-	85,30,463	9.78	77,78,324	-	77,78,324	8.91	(0.87)
(f)	Financial Institutions / Banks	3,22,082	-	3,22,082	0.37	1,44,594	-	1,44,594	0.17	(0.20)
(g)	Insurance Companies	-	-	-	-	3,89,331	-	3,89,331	0.45	0.45
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total (B)(1)	**1,68,42,882**	**-**	**1,68,42,882**	**19.31**	**1,70,53,461**	**-**	**1,70,53,461**	**19.54**	**0.23**
[2]	**Central Government/ State Government(s)/ President of India**	3,84,746	-	3,84,746	0.44	6,41,485	-	641,485	0.74	0.30
	Sub Total (B)(2)	**3,84,746**	**-**	**3,84,746**	**0.44**	**6,41,485**	**-**	**641,485**	**0.74**	**0.30**
[3]	**Non-Institutions**									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 2 lakhs	59,84,644	2,97,116	62,81,760	7.20	55,44,776	2,38,741	57,83,517	6.63	(0.57)
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	11,08,935	-	11,08,935	1.27	12,35,261	-	12,35,261	1.42	0.15
(b)	NBFCs registered with RBI	7,885	-	7,885	0.01	380	-	380	0.00	(0.01)
(c)	Employee Trusts	6,800	-	6,800	0.01	-	-	-	-	(0.01)
(d)	Overseas Depositories(holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)									
	IEPF	27,910	-	27,910	0.03	44,861	-	44,861	0.05	0.02
	Trusts	40,712	-	40,712	0.05	201	-	201	0.00	(0.05)
	Foreign Nationals	6,000	11,750	17,750	0.02	11,500	1,000	12,500	0.01	(0.01)
	Hindu Undivided Family	1,63,499	-	1,63,499	0.19	1,52,685	-	1,52,685	0.17	(0.02)
	Non Resident Indians (Non Repat)	85,933	-	85,933	0.10	90,847	-	90,847	0.10	-
	Non Resident Indians (Repat)	1,55,717	1,125	1,56,842	0.18	1,45,759	1,125	1,46,884	0.17	(0.01)
	Clearing Member	3,14,613	-	3,14,613	0.36	1,02,792	-	1,02,792	0.12	(0.24)
	Market Maker	624	-	624	0.00	-	-	-	-	-
	Bodies Corporate	2,83,528	750	2,84,278	0.33	4,67,045	750	4,67,795	0.54	0.21
	Sub Total (B)(3)	**81,86,800**	**3,10,741**	**84,97,541**	**9.75**	**77,96,107**	**2,41,616**	**80,37,723**	**9.21**	**(0.54)**
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	**2,54,14,428**	**3,10,741**	**2,57,25,169**	**29.48**	**2,54,91,053**	**2,41,616**	**2,57,32,669**	**29.49**	**0.01**
	Total (A)+(B)	**8,69,43,029**	**3,10,741**	**8,72,53,770**	**100.00**	**8,70,19,654**	**2,41,616**	**8,72,61,270**	**100.00**	**0.00**
(C)	**Non Promoter - Non Public**									
[1]	Custodian/DR Holder	-	-	-	-	-	-	-	-	-
[2]	Employee Benefit Trust [under SEBI (Share based Employee Benefit) Regulations, 2014]	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	**8,69,43,029**	**3,10,741**	**8,72,53,770**	**100.00**	**8,70,19,654**	**2,41,616**	**8,72,61,270**	**100.00**	**0.00**

Note: Difference in promoters' percentage is on account of ESOPs exercised during the year.

B) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Gabs Investments Pvt Ltd	83,92,262	9.62	-	83,92,262	9.62	-	-
2.	M/s. Ganga Exports, a partnership firm	23,90,903	2.74	-	23,90,903	2.74	-	-
3.	Mr. Ravi P. Agrawal	1,90,000	0.22	-	1,90,000	0.22	-	-
4.	Mr. Aayush M. Agrawal	20,000	0.02	-	20,000	0.02	-	-
5.	Mr. Yogesh M. Agrawal, trustee Yogesh Agrawal Trust	1,26,39,934	14.49	1.27	1,26,39,934	14.49	-	-
6.	Mr. Rajesh M. Agrawal, trustee Rajesh Agrawal Trust	1,26,39,933	14.49	1.27	1,26,39,933	14.49	-	-
7.	Mr. Ravi P. Agrawal, trustee Ravi Agrawal Trust	1,25,45,180	14.38	58.51	1,25,45,180	14.38	57.92	-
8.	Mr. Aayush M. Agrawal, trustee Aayush Agrawal Trust	1,25,40,389	14.37	16.60	1,25,40,389	14.37	26.88	-
9.	Mr. Mannalal B. Agrawal, trustee Mannalal Agrawal Trust	1,70,000	0.19	-	1,70,000	0.19	-	-

C) Change in Promoters' Shareholding (please specify, if there is no change) : No change

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Ganga Exports represented by Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal & Mr. Ravi P. Agrawal	23,90,903	2.74	23,90,903	2.74
2.	Mr. Ravi P. Agrawal	1,90,000	0.22	1,90,000	0.22
3.	Mr. Aayush M. Agrawal	20,000	0.02	20,000	0.02
4.	Mr. Yogesh M. Agrawal, trustee Yogesh Agrawal Trust	1,26,39,934	14.49	1,26,39,934	14.49
5.	Mr. Rajesh M. Agrawal, trustee Rajesh Agrawal Trust	1,26,39,933	14.49	1,26,39,933	14.49
6.	Mr. Ravi P. Agrawal, trustee Ravi Agrawal Trust	1,25,45,180	14.38	1,25,45,180	14.38
7.	Mr. Aayush M. Agrawal, trustee Aayush Agrawal Trust	1,25,40,389	14.37	1,25,40,389	14.37
8.	Mr. Mannalal B. Agrawal, trustee Mannalal Agrawal Trust	1,70,000	0.19	1,70,000	0.19
9.	Gabs Investments Private Limited	83,92,262	9.62	83,92,262	9.62

D) Shareholding of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mirae Asset Emerging Bluechip Fund	17,19,849	1.98	17,19,849	1.98
Add:	Market Purchase	22,73,518	2.61	39,93,367	4.59
Less:	Market Sale	10,74,388	1.23	29,18,979	3.35
2.	UTI Equity Fund	12,60,460	1.44	12,60,460	1.44
Add:	Market Purchase	11,60,667	1.33	24,21,127	2.77
Less:	Market Sale	1,17,375	0.13	23,03,752	2.64
3.	ITPL Invesco India Contra Fund	9,03,808	1.04	9,03,808	1.04
Add:	Market Purchase	7,89,167	0.90	16,92,975	1.94
Less:	Market Sale	4,52,379	0.52	12,40,596	1.42
4.	SBI Magnum Global Fund	888	0.00	888	0.00
Add:	Market Purchase	8,82,686	1.01	8,83,574	1.01
Less:	Market Sale	1,23,586	0.14	7,59,988	0.87
5.	Abu Dhabi Investment Authority- Way	0	0.00	0	0.00
Add:	Market Purchase	7,97,496	0.91	7,97,496	0.91
Less:	Market Sale	1,03,200	0.12	6,94,296	0.79
6.	Reliance Capital Trustee Co. Ltd – A/C Nippon India Growth Fund	24,189	0.03	24,189	0.03
Add:	Market Purchase	7,07,409	0.81	7,31,598	0.84
Less:	Market Sale	96,847	0.11	6,34,751	0.73
7.	Postal Life Insurance Fund A/C UTI AMC	2,79,089	0.32	2,79,089	0.32
Add:	Market Purchase	1,84,283	0.21	4,63,372	0.53
Less:	Market Sale	0	0.00	4,63,372	0.53
8.	Kuwait Investment Authority Fund F238	0	0.00	0	0.00
Add:	Market Purchase	5,33,000	0.61	5,33,000	0.61
Less:	Market Sale	81,662	0.09	4,51,338	0.52
9.	Invesco India Equity Fund	0	0.00	0	0.00
Add:	Market Purchase	4,50,000	0.52	4,50,000	0.52
Less:	Market Sale	0	0.00	4,50,000	0.52
10.	Vanguard Total International Stock Index Fund	4,14,941	0.48	4,14,941	0.48
Add:	Market Purchase	11,398	0.01	4,26,339	0.49
Less:	Market Sale	11,433	0.01	4,14,906	0.48

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding for each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Mannalal B. Agrawal, Chairman	-	-	-	-
2.	Mr. Mannalal B. Agrawal, trustee Mannalal Agrawal Trust	1,70,000	0.19	1,70,000	0.19
3.	Mr. Madhusudan B. Agrawal, Vice-Chairman	-	-	-	-
4.	Mr. Yogesh M. Agrawal, Managing Director	-	-	-	-
5.	Mr. Rajesh M. Agrawal, Joint Managing Director	-	-	-	-

Sr. No.	Shareholding for each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6.	Mr. Yogesh M. Agrawal, trustee Yogesh Agrawal Trust	1,26,39,934	14.49	1,26,39,934	14.49
7.	Mr. Rajesh M. Agrawal, trustee Rajesh Agrawal Trust	1,26,39,933	14.49	1,26,39,933	14.49
8.	Mr. Chandrakant M. Khetan, Independent Director	-	-	-	-
Add:	Market purchase	700	0.00	700	0.00
9.	Mr. K H. Viswanathan, Independent Director	-	-	-	-
10.	Mr. Prabhakar R. Dalal, Independent Director	344	0.00	344	0.00
Less:	Market Sale	344	0.00	0.00	0.00
11.	Dr. Anjana Grewal, Independent Director	-	-	-	-
12.	Mr. Arvind Agrawal, Chief Financial Officer	26,484	0.03	26,484	0.03
13.	Mr. Gaurang Shah, Company Secretary	900	0.00	900	0.00

V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹in cr.)

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Madhusudan B. Agrawal	Mr. Yogesh M. Agrawal	Mr. Rajesh M. Agrawal	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,47,84,000	7,39,20,000	7,39,20,000	16,26,24,000
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	19,80,000	99,00,000	99,00,000	2,17,80,000
	(c) Profits in lieu of salary under Section 17(3) of Income- tax Act, 1961	-	-	-	-
2.	Stock Option	N.A.	N.A.	N.A.	N.A

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Madhusudan B. Agrawal	Mr. Yogesh M. Agrawal	Mr. Rajesh M. Agrawal	
3.	Sweat Equity	N.A.	N.A.	N.A.	N.A
4.	Commission - as % of profit - others, specify...	 - -	 2,34,00,000 -	 2,34,00,000 -	 4,68,00,000 -
5.	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	**1,67,64,000**	**10,72,20,000**	**10,72,20,000**	**23,12,04,000**
	Ceiling as per Act	₹ 57,81,55,291 (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Mannalal B. Agrawal	Mr. Chandrakant M. Khetan	Mr. K H. Viswanathan	Mr. Prabhakar R. Dalal	Dr. Anjana Grewal	
1.	Independent Directors						
	Fees for attending Board & Committee meetings	-	5,51,000	3,96,000	3,96,000	3,34,000	16,77,000
	Commission	-	2,00,000	2,00,000	2,00,000	2,00,000	8,00,000
	Others, please specify	-	-	-	-	-	-
	Total (1)	**-**	**7,51,000**	**5,96,000**	**5,96,000**	**5,34,000**	**24,77,000**
2.	Other Non-Executive Directors						
	Fee for attending Board & Committee meetings	4,27,000	-	-	-	-	4,27,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	**4,27,000**	**-**	**-**	**-**	**-**	**4,27,000**
	Total (B)=(1+2)	**4,27,000**	**7,51,000**	**5,96,000**	**5,96,000**	**5,34,000**	**29,04,000**
	Ceiling as per Act	₹ 5,78,15,529 (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)					

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	51,06,281	1,18,05,965	1,69,12,246
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	3,12,000	5,80,000	8,92,000
	(c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961	N.A.	N.A.	N.A.
2.	Stock Option	N.A.	N.A.	N.A.
3.	Sweat Equity	N.A.	N.A.	N.A.
4.	Commission - as % of profit - others specify...	 N.A. N.A.	 N.A. N.A.	 N.A. N.A.
5.	Others, please specify	N.A.	N.A.	N.A.
	Total	**54,18,281**	**1,23,85,965**	**1,78,04,246**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31 March 2020.

ANNEXURE-"D" TO THE DIRECTORS' REPORT - SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31 March 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of The Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Ajanta Pharma Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Ajanta Pharma Limited** (CIN: L24230MH1979PLC022059) (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31 March 2020,** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, if applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

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

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

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not Applicable to the Company**;

(f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **No buyback was done during year, hence not applicable**;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2016 - **Not applicable to the Company**;

(h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – **Not applicable to the Company**;

(i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 - **Not applicable to the Company**;

(j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(vi) Other specific business/industry related laws applicable to the Company:

The Company has complied with specific applicable laws, rules, regulations and guidelines viz., Drugs and Cosmetics Act, 1940 and related Rules; The Pharmacy Act, 1948; Food and Safety Standards Act, 2006; The Drugs (Control) Act, 1950; Food and Drug

Administration licensing terms and conditions; Legal Metrology Act, 2009 and the applicable Rules and other applicable general laws, rules, regulations and guidelines.

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

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there are no non-compliances that have come to our knowledge.

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

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

The minutes of the Board meetings have not identified any dissent by members of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period the following events/actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

1. Approval of the Shareholders was obtained on 18 July 2019 under Section 186 of the Companies Act, 2013 by way of passing Special Resolution for making loans, investments upto an amount of ₹ 500 Cr. (Rupees Five Hundred Crores). This limit is over and above the limit available to the Company of 60% of its paid up share capital, free reserves and securities premium account or 100% of its free reserves and securities premium account, whichever is more.

2. Approval of the Shareholders was obtained on 18 July 2019 for Ajanta Pharma Share Based Incentive Plan 2019 and for extending the benefits of Ajanta Pharma Share Based Incentive Plan 2019 to employees of existing and future subsidiary companies.

3. Allotment of 7,500 Equity Shares of ₹ 2/- each under 'Employee Stock Option Scheme, 2011'.

Place : Mumbai
Date : 20 May 2020

For Alwyn D'Souza & Co.
Company Secretaries

Alwyn P D'Souza
FCS.5559
C. P. No. 5137
UDIN:F005559B000262695

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To
The Members,
Ajanta Pharma Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **Ajanta Pharma Limited** (hereinafter called 'the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further part of the verification was done on the basis of electronic data provided to us by the Company due to COVID-19 lockdown and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai
Date : 20 May 2020

For Alwyn D'Souza & Co.
Company Secretaries

Alwyn P D'Souza
FCS.5559
C. P. No. 5137
UDIN:F005559B000262695

ANNEXURE - "E" TO THE DIRECTORS' REPORT

Details pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1.	Name & Designation of Director & KMP	Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the FY 2019-2020	* % increase / (decrease) in remuneration in the FY 2019-2020
(i)	Mr. Mannalal B. Agrawal	2:1	7.83%
(ii)	Mr. Madhusudan B. Agrawal	51:1	12.14%
(iii)	Mr. Yogesh M. Agrawal	322:1	11.14% @
(iv)	Mr. Rajesh M. Agrawal	322:1	11.14% @
(v)	Mr. Chandrakant M. Khetan	3:1	15.18%
(vii)	Mr. K H. Viswanathan	2:1	5.49%
(viii)	Mr. Prabhakar R. Dalal	2:1	13.45%
(ix)	Dr. Anjana Grewal	2:1	-
(x)	Mr. Arvind Agrawal, Chief Financial Officer	N.A.	12.56%
(xi)	Mr. Gaurang Shah, Company Secretary	N.A.	7.44%
2.	The percentage increase in the median remuneration of employees in the financial year	12.16%	
3.	The number of permanent employees on the rolls of company	7,167	
4.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase in remuneration of employee for the financial year 2019 - 2020 was 12.16% against which the increase in managerial remuneration was 10%. The average increase is an outcome of Company's market competitiveness as against its peer companies. In keeping with the Company's reward philosophy and benchmarking results, the increase this year reflects the market practice.	
5.	Affirmation that the remuneration is as per the remuneration policy of the company	Yes	

Notes:

* Includes sitting fees and commission paid to Non-Executive Directors.

@ Includes commission.

ANNEXURE - "F" TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

1. Steps taken for conservation of energy:

a. Implemented new technologies and harmonised best energy conservation practices across all sites.

b. Introduced pump and blower technology by installation of VFD for chiller primary pump flow adjustment.

c. Preventive maintenance of HVAC system on regular basis.

d. Installed design envelop pump for chilled water circulation.

e. Installed LED and or energy star monitors across all Ajanta sites.

f. Automation systems/measures to reduce electricity wastage viz:

- Interlocking of dust collectors with HAVC
- Occupancy sensors for low man movement area
- Proximity sensors for air curtains
- Potable water pump operated from feedback and VSD
- Seasonal set point optimisation of chillers
- Auto water level sensors fixed to ETP, STP, drinking water, RO Plant, underground & overhead water tanks etc.

Impact of the above measures:

a. Reduction in energy consumption and cost

b. Reduction in Carbon footprint

c. Reduction in per unit production cost

d. Improved life of electrical switchgears

e. Received night time concession tariff benefit across all plants

2. Steps taken by the company for utilising alternate sources of energy:

The company is making efforts on ongoing basis by adopting renewable sources like solar. Installation of solar roof top power plant at Dahej, Guwahati and Paithan plant has been completed to adopt green energy utilisation as an alternate source of energy. The Company plans to further enhance the renewable energy portfolio in FY 2021 by increasing solar energy generation and solar plant installations.

3. Capital Investment on energy conservation equipment:

Company has invested significantly on energy conservation equipment's across all units.

B. TECHNOLOGY ABSORPTION

1. Research and Development (R&D):

a. Development of generic and specialty formulations in different therapeutic segments.

b. Development of Extended-Release oral solid dosage form products using OROS (Osmotic-controlled release oral delivery system) technology and membrane modulated matrix control extended release bi-layer technology.

c. Development of Extended-Release and Delayed-Release pellet based capsules dosage forms using Pelletisation technology.

d. Development of Fixed Dose Combinations as bi-layered extended-release film-coated tablets.

2. Benefits derived as a result of R&D:

a. Launch of 19 new products in the market, 1 ready to launch and 3 under commercialisation.

b. Received approvals for 9 ANDAs which lead to a total of 40 approvals (including 1 tentative approval). 8 products launched in USA and 12 New ANDAs filed with USFDA.

3. In case of imported technology: No import of technology during the year.

4. Expenditure on R&D (on standalone basis)

Particulars	₹ cr.
Capital Expenditure	2.12
Recurring Expenditure	164.17
Total	**166.29**
Total R&D expenditure as a percentage of total turnover	7.57%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to initiatives taken for increasing exports are discussed in management discussion & analysis in this annual report.

2. Total Foreign Exchange earned in terms of actual inflows as well as outgo in terms of actual outflows during the year:

- Earnings in foreign currency ₹ 1,442.05 cr. (previous year ₹ 1,068.77 cr.)
- Outgo in foreign currency ₹ 164.22 cr. (previous year ₹ 210.19 cr.)

Report on Corporate Governance

I. Company's Philosophy on Corporate Governance

Ajanta Pharma believes that sound Corporate Governance practices are key to enhance long-term value for stakeholders. Company strives to ensure that its performance is driven by core values such as integrity, trust, ethics, consistency and professionalism. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance. Our vision of "Be a Niche Player in Global Pharma Space and to enhance value for all Stakeholders" has evolved our endearing purpose. Company is committed to adopt best practices of Corporate Governance in letter and spirit.

Company is in compliance of all mandatory and non-mandatory requirements of corporate governance laid down under the Listing Regulations.

II. Board of Directors

A. Composition and category of Directors

The Board consists of optimal combination of Executive, Non-Executive and Independent Directors ("IDs"). Out of eight directors, three are Executive Promoter Directors, one is Non-Executive Promoter Director and four are IDs, including one Woman Director.

Board fulfils the criteria laid down under Board's policy on diversity and has the vital mix of skill, experience, independence and knowledge to ensure its continued effectiveness. It has combined experience portfolio of business acumen & management, industry & sector knowledge, international operations, marketing, finance, forex management, risk management, HR, Corporate Governance and other attributes.

Board guides corporate strategy, major plans of action, risk policy, annual budgets and business plans; sets performance parameters and monitors corporate performance; put in place various plans, policies and practices for effectiveness of Company's governance practices and making changes as needed. The Board also reviews and approves strategic plan & business objectives.

Executive Directors and management provide strategic management of the Company's businesses within the overall framework and ensures business development and operational excellence in accordance with the business objectives.

Non-Executive Directors play a critical role in setting up Board processes with their independent judgment on issues of strategy, performance, resources, standards of conduct, etc., besides providing the Board with valuable inputs.

B. Board Meetings and attendance

The Board/Committee Meetings are held as per the annual calendar set out well in advance with concurrence of all the Directors, to ensure 100% participation in the meetings. Video conferencing facility is provided to enable Directors who are unable to attend the meetings in person. Prior approval from the Board is obtained for circulating the agenda items with shorter notice for matters that are considered to be in the nature of Unpublished Price Sensitive Information.

Agenda and explanatory notes for the Board / Committee Meetings are set out by the Company Secretary in consultation with the Chairman and Managing Director. Agenda papers with minutes of previous meeting, committee meetings & meetings of subsidiary companies, detailed notes/background information with applicable regulatory provisions and requisite disclosures of various proposals placed for consideration and approval, are circulated at least seven days prior to the meeting, thereby enabling the Board to take decisions on an informed basis.

Detailed presentation is made by the management in each meeting to apprise the Board of important developments in the industry, business segments, operations, capex, sales & marketing, products, HR initiatives, important developments in subsidiaries, regulatory changes etc.

Draft Minutes of the Board and committee meetings are circulated to all the directors and the same are finalised within 15 days. Further, action taken report on all the decisions taken by the Board/committees is circulated to the Board to keep tab on the actions taken.

During the year, four Board Meetings were held on 30 April 2019; 31 July 2019; 5 November 2019 and 5 February 2020. Two circular resolutions were passed for appointment of Nodal Officer and Dy. Nodal Officer on 29 August 2019.

Composition of Directors, their other directorships & committee memberships, (excluding their directorship / committee membership in private limited companies, companies under Section 8 of the Companies Act, 2013 ("the Act") & foreign companies) and their attendance in Board / Annual General meeting during the financial year, are given below:

Name of the Director	Category	Attendance		Other Directorships	Committee Membership		Other entities in which person acting as director	Category of other entities directorship
		Board	AGM		Member	Chairman		
Mr. Mannalal B. Agrawal	Promoter, Non-Executive	4	Yes	-	1	1	-	-
Mr. Madhusudan B. Agrawal	Promoter, Executive	3	Yes	3	0	0	• Samta Mines and Minerals Limited • Inspira Infra (Aurangabad) Limited • Inspira Projects Limited	Director Managing Director Director
Mr. Yogesh M. Agrawal	Promoter, Executive	4	Yes	-	0	0	-	-
Mr. Rajesh M. Agrawal	Promoter, Executive	4	Yes	-	1	0	-	-
Mr. Chandrakant M. Khetan	Independent Director	4	Yes	4	0	1	• The Swastik Safe Deposit and Investments Limited (listed) • Entremonde Polycoaters Limited • DGP Securities Limited • Vibhuti Investments Company Limited	Director Managing Director Director Director
Mr. K H. Viswanathan	Independent Director	4	Yes	-	1	0	-	-
Mr. Prabhakar R. Dalal	Independent Director	4	Yes	1	1	1	• Tema India Limited	Director
Dr. Anjana Grewal	Independent Director	4	Yes	2	3	0	• Cheminova India Limited • Fino Paytech Limited	Director Director

Notes:

(a) Mr. Mannalal B. Agrawal and Mr. Madhusudan B. Agrawal are brothers. Mr. Yogesh M. Agrawal and Mr. Rajesh M. Agrawal are sons of Mr. Mannalal B. Agrawal;

(b) Committee membership of only Audit Committee and Stakeholders' Relationship Committee are reckoned;

(c) None of the Directors (i) hold membership in more than 10 public limited companies and (ii) is a member of more than 10 committees or chairperson of more than 5 committees across all the public companies in which he/she is a Director;

(d) Mr. Chandrakant M. Khetan purchased 700 shares and Mr. Prabhakar R. Dalal sold 344 shares of the Company during the year.

C. Re-appointment of Directors retiring by rotation

Brief profile of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting, as per Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is annexed to the Notice convening the Annual General Meeting and forming part of this Annual Report.

D. Independent Director's Familiarisation programme

Pursuant to Regulation 25(7) of the Listing Regulations, the Company conducts familiarisation programmes for IDs to familiarise them with developments in pharma industry, business operations, manufacturing processes, R & D operations, budget & capex, subsidiary operations & functioning, regulatory framework and other important and critical aspects which are relevant for them. This enables them to discharge the duties and responsibilities bestowed on them, on informed basis. Details of the familiarisation programs conducted for IDs, have been put on the website of the company. The link can be accessed at: http://www.ajantapharma.com/AdminData/DirectorFamiliarizationProgram/Directorsfamiliarisationprogramme.pdf

E. Chart or Matrix setting out skills/expertise/competence of Board

The Board has identified core skills/expertise/competencies required in the Directors for effectively managing the Company's business operations and those possessed by the Board members.

No.	Skill, expertise, competence	Description	Name of the Director who possesses the said skill
1.	Business acumen	Ability to combine experience, knowledge & perspective to make sound business decisions.	Mr. Mannalal B. Agrawal, Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal, Mr. Madhusudan B. Agrawal, Mr. Chandrakant M. Khetan
2.	Vision	Ability to see future with precision based on knowledge, experience and power of reasoning to shape company's plans.	Mr. Mannalal B. Agrawal, Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal, Mr. Madhusudan B. Agrawal
3.	Strategic thinking	Ability to identify opportunities, critical evaluation of the same and plan for successful implementation, to achieve desired business goal.	Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal
4.	Industry knowledge	Ability to comprehend intricacies of running an industry and guide the executive management to achieve desired goals.	All Directors
5.	Sector knowledge	Understanding of pharma sector with specific emphasis on various factors influencing the business in the sector.	Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal, Mr. Madhusudan B. Agrawal
6.	Marketing	Thorough understanding of market and ability to deploy most innovative and effective marketing strategies supported by best use of technology.	Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal, Mr. Madhusudan B. Agrawal, Dr. Anjana Grewal
7.	International Business knowledge	Ability to understand nuances of international markets in different geographies, identify business opportunities & achieve business goals.	Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal, Mr. Madhusudan B. Agrawal, Mr. Prabhakar R. Dalal
8.	Finance & Accounting	Ability to analyse key financial statements, assess financial viability, contribute to strategic financial planning, oversee budgets & efficient use of resources.	Mr. Mannalal B. Agrawal, Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal, Mr. Chandrakant M. Khetan, Mr. K H. Viswanathan, Mr. Prabhakar R. Dalal
9.	Risk management	Ability to identify key risks associated with the business and put in place risk minimisation and mitigation framework to insulate the business from pitfalls.	Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal, Mr. Chandrakant M. Khetan, Mr. Prabhakar R. Dalal, Mr. K H. Viswanathan
10.	General management	Ability to propel company's business goals forward with analytical and critical thinking and complex problem solving.	All Directors
11.	Leadership	Trait of creating an inspiring vision, motivating people to engage with that vision and manage delivery of the vision.	Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal, Mr. Madhusudan B. Agrawal, Mr. Prabhakar R. Dalal
12.	Communication	Ability to convey effectively and efficiently with all stakeholders to achieve organisation goals.	Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal, Mr. Prabhakar R. Dalal, Dr. Anjana Grewal
13.	Understanding of regulatory framework	Ability to understand & interpret regulatory framework in which company operates & guide in alignment of business and policies with the same.	Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal, Mr. K H. Viswanathan, Mr. Prabhakar R. Dalal, Dr. Anjana Grewal

No.	Skill, expertise, competence	Description	Name of the Director who possesses the said skill
14.	Networking	Ability to cultivate productive relationships that have shared interests and use the same for furtherance of business objectives.	Mr. Madhusudan B. Agrawal, Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal
15.	Human resource management	Ability to engage, develop, inspire and manage people in an organisation, so that they help to achieve organisational goals and gain a competitive advantage.	Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal
16.	Objectivity	Trait of forming views and opinions based on facts and not influenced by personal beliefs.	Mr. Yogesh M. Agrawal, Mr. Rajesh M. Agrawal, Mr. Prabhakar R. Dalal, Dr. Anjana Grewal, Mr. Chandrakant M. Khetan, Mr. K H. Viswanathan

F. Independent Directors

All the IDs fulfill the independence criteria as per requirement of the Listing Regulations and as per opinion of the Board, they are independent of the management.

G. Performance evaluation of Board, Committees and Directors

Pursuant to provisions of the Act and the Listing Regulations, the Board carried out performance evaluation of its own, its Committee and of all the Directors individually. Performance evaluation of the Non-Independent Directors, Chairman and the Board as a whole was also carried out by the IDs at a separate meeting.

For the year under review, the evaluation criteria were modified suitably, based on comments and suggestions received from IDs as also in accordance with the policy formed for the purpose. Performance evaluation of Executive Directors, IDs, Chairman, Board as a whole and of the Board committees was done based on the basis of following parameters:

(i) **Board as a whole:** Composition & diversity, establishment of vision, mission & creating value for stakeholders, effective use of Board powers, corporate governance, providing leadership, directions & strategic inputs, etc.

(ii) **Executive Directors:** Skillset, knowledge, performance, compliances, ethical standards, risk mitigation, sustainability, strategy formulation and execution, financial planning & performance, managing human relations, succession planning, external relations including CSR, community involvement and image building, interface with industry forums etc.

(iii) **Independent Directors:** Participation, managing relationship, ethics and integrity, objectivity, brining independent judgement, time devotion, protecting interest of minority shareholder's, domain knowledge contribution, etc.

(iv) **Chairman:** Managing relationships, commitment, leadership effectiveness, providing guidance and counseling, balancing views of Board members, promoting continual training and development of Directors, etc.

(v) **Board committees:** Composition & terms of reference, periodicity of meetings, effective participation, bringing objectivity, ensuring adherence to company policies, ensuring efficiency of external auditors etc.

Evaluation sheets containing parameters were circulated to the Board members. Performance evaluation was done on the scale of 1 to 5; 1 being Poor and 5 being Excellent.

Performance evaluation of Individual Directors, Board as a whole and of Board committees carried out by the Board and performance evaluation of the Board, Chairman and Executive Directors done by the IDs, revealed "Excellent" rating.

H. Independent Directors' Meeting

During the year under review, one meeting of IDs was held on 5 February 2020 and was chaired by lead Independent Director, Mr. Chandrakant M. Khetan and attended by all Independent Directors. The IDs reviewed all the matters as per Schedule IV of the Act.

The IDs expressed satisfaction over overall functioning of the Board, effectiveness of evaluation process, openness of the Board deliberations on business issues and the agenda items as also the information and disclosures made to the IDs. They noted that the suggestions made by them were implemented satisfactorily.

I. Code of Conduct

Board of Directors have laid down Code of Conduct setting forth legal and ethical standards to be followed by Directors and Senior Management ("the Code").

The Directors & Senior Management of your Company have made disclosures to the Board confirming that there are no material financial and commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

A declaration to that effect signed by the Managing Director is annexed to this report. The code of conduct has been posted on the website of the Company at http://www.ajantapharma.com/AdminData/PolicyCodes/2018CodeofConductforDirectorsandSeniorManagement.pdf

J. Prevention of Insider Trading

The Company has laid down "Ajanta's Code of Conduct for Insiders" in accordance with the SEBI (Prevention of Insider Trading) Regulations, 2015 as amended. The Code includes obligations and responsibilities of Designated Persons, maintenance of the digital database, mechanism for preventing insider trading and handling of Unpublished Price Sensitive Information (UPSI), disclosure of UPSI for legitimate purpose; prohibited and permitted transactions, consequence for violation etc. The Code has been disseminated through the Company's intranet and periodic mailers.

All the dealings in the securities of the Company are monitored through surveillance system. Record of disclosure of UPSI made to third parties by designated persons for legitimate purposes is maintained.

During the year, there has been due compliance with the code by the Company & all insiders and requisite disclosures were made to the Stock Exchanges from time to time.

The Company has also laid down and adheres to the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' as envisaged by the Regulations, which is hosted on the Company's website.

III. Audit Committee

The Audit Committee functions as an interface between statutory, internal and cost auditors, Management and the Board of Directors. Terms of reference of the Audit committee is as per the framework prescribed under the Act & Rules thereunder and the Listing Regulations.

The Committee comprises of 4 Directors, out of which 3 are Independent Directors. All the members, including Chairman of Audit Committee are financially literate and have the ability to read and understand the financial statements. In the financial year 2019 - 2020, four meetings were held on 30 April 2019; 31 July 2019; 5 November 2019 and 5 February 2020. Composition of committee and member's attendance at the meetings during the year are as under:

Name	Designation	Meetings attended
Mr. Chandrakant M. Khetan	Chairman	4
Mr. K H. Viswanathan	Member	4
Mr. Prabhakar R. Dalal	Member	4
Mr. Mannalal B. Agrawal	Member	4

The Company Secretary acts as Secretary of the Committee.

Chief Financial Officer, Statutory Auditors and Internal Auditors attend all the meetings as invitees.

IV. Nomination and Remuneration Committee

Terms of reference of the Nomination and Remuneration committee is as per the framework prescribed under the Act & Rules thereunder and the Listing Regulations.

The Committee comprises of 4 Independent Directors. In the financial year 2019 - 2020, three meetings of the Committee were held on 30 April 2019; 31 May 2019 and 27 September 2019. Composition of Committee as on 31 March 2020 and member's attendance at the meeting during the year are as under:

Name	Designation	Meetings attended
Mr. Prabhakar R. Dalal @	Chairman	3
Mr. Chandrakant M. Khetan	Member	3
Mr. K H. Viswanathan	Member	3
Dr. Anjana Grewal #	Member	2

@ Mr. Prabhkar Dalal was appointed as Chairman of the Committee w.e.f. 30 April 2019.

Dr. Anjana Grewal was appointed as Member of the Committee w.e.f. 30 April 2019.

The Company Secretary acts as Secretary of the Committee.

V. Remuneration of Directors

Based on the recommendations of the Nomination and Remuneration Committee, the Board has formulated Policy for Remuneration of Directors, Key Managerial Personnel (KMP) & other employees. The policy can be accessed on the following link: http://www.ajantapharma.com/AdminData/PolicyCodes/Policyforremuneration2018.pdf

Executive Directors are appointed for a term of 5 years. Remuneration of Executive Directors comprise of fixed components viz., Salary & Perquisite and are also paid commission on net profits of the Company.

Nomination and Remuneration Committee recommends to the Board, periodic revision in remuneration of Executive Directors and commission on net profits and Board fixes their remuneration taking into consideration recommendations of Nomination & Remuneration Committee, ceiling limits prescribed under the Act and annual performance evaluation.

Independent Directors are paid sitting fees and commission on net profits in accordance with the remuneration policy and based on their performance evaluation.

Remuneration paid to Executive and Non-executive Directors during the year ended 31 March 2020 was as under:

(Amt. in ₹)

Remuneration to Directors	Salary	Perquisite	PF	Sitting Fees	Commission	Total
Mr. Madhusudan B. Agrawal	1,32,00,000	19,80,000	15,84,000	-	-	1,67,64,000
Mr. Yogesh M. Agrawal	6,60,00,000	99,00,000	79,20,000	-	2,34,00,000	10,72,20,000
Mr. Rajesh M. Agrawal	6,60,00,000	99,00,000	79,20,000	-	2,34,00,000	10,72,20,000
Mr. Mannalal B. Agrawal	-	-	-	4,27,000	-	4,27,000
Mr. Chandrakant M. Khetan	-	-	-	5,51,000	2,00,000	7,51,000
Mr. Prabhakar R. Dalal	-	-	-	3,96,000	2,00,000	5,96,000
Mr. K H. Viswanathan	-	-	-	3,96,000	2,00,000	5,96,000
Dr. Anjana Grewal	-	-	-	3,34,000	2,00,000	5,34,000

There were no pecuniary relationship or transactions of the non-executive Directors vis-à-vis the Company during the year. No stock options were granted to any Directors.

VI. Stakeholders' Relationship Committee

Terms of reference of the Stakeholders' Relationship Committee is as per the framework prescribed under the Act & Rules thereunder and the Listing Regulations.

The Committee comprises of 3 Directors out of which one is independent. In the financial year 2019 - 2020, two meetings of the Committee were held on 30 April 2019 and 5 November 2019. Composition of Committee and member's attendance at the meetings during the year are as under:

Name	Designation	Meetings attended
Mr. Mannalal B. Agrawal #	Chairman	1
Dr. Anjana Grewal	Member	2
Mr. Rajesh M. Agrawal	Member	2

Mr. Mannalal B. Agrawal was appointed as Chairman of the Committee w.e.f. 30 April 2019.

The Company Secretary acts as Secretary of the Committee.

Company received 2 complaints during the year and both have been redressed/answered to the satisfaction of investors. No investor grievance remained unattended/pending.

VII. Corporate Social Responsibility Committee (CSR)

Corporate Social Responsibility of the Company is founded on the principle of contributing towards development and uplifting of the underprivileged Sections of the society. Company's CSR policy is displayed on the website of the company. It can be accessed at http://www.ajantapharma.com/AdminData/PolicyCodes/CSRPolicy2018.pdf

The CSR Committee comprises of 3 Directors. It oversees implementation and execution of CSR Policy and provides guidance on various CSR activities to be undertaken by the Company. In the financial year 2019 - 2020, four meetings of the Committee were held on 30 April 2019; 31 July 2019; 5 November 2019 and 5 February 2020. Composition of Committee and member's attendance at the meetings during the year are as under:

Name	Designation	Meetings attended
Mr. Mannalal B. Agrawal	Chairman	4
Mr. Yogesh M. Agrawal	Member	4
Mr. Chandrakant M. Khetan	Member	4

The Company Secretary acts as Secretary of the Committee.

VIII. Compensation Committee

The Committee was constituted for granting & exercising employee stock options to eligible employees under the ESOP scheme of the Company. During the financial year 2019 - 2020, one meeting was held on 30 April 2019. At the Board meeting held on 30 April 2019, the committee was dissolved and powers vested with the said committee were entrusted to the Nomination & Remuneration Committee.

Composition of Committee and member's attendance at the meeting during the year is as under:

Name	Designation	Meetings attended
Mr. Chandrakant M. Khetan	Chairman	1
Mr. Yogesh M. Agrawal	Member	1
Dr. Anjana Grewal	Member	1

IX. Executive Committee

Board has constituted Executive Committee for dealing with various urgent operational matters viz., granting powers and authorities to employees on need basis, opening of bank accounts and change in authorities from time to time, availing various banking facilities and other routine administrative matters. Seven meetings of Executive Committee were held during the year. Details of composition of the Committee and member's attendance at the meetings are as under:

Name	Designation	Meetings attended
Mr. Yogesh M. Agrawal	Chairman	7
Mr. Rajesh M. Agrawal	Member	7
Mr. Madhusudan B. Agrawal	Member	5

X. Risk Management Committee

Board has constituted Risk Management Committee, which is inter-alia responsible for risk identification, evaluation, mitigation and control process for such risks.

Terms of reference of the Risk Management Committee is as under:

(i) Identifying various risks associated with the Company and its business segments;

(ii) Assessing the likelihood or materialisation of risks identified and its likely impact on the organisation/businesses/segments;

(iii) Putting in place policies and procedures for the management of risks identified and mitigation plan in the event risks materialises;

(iv) Periodic review of the risk management and mitigation plan in light of internal/external factors having bearing and taking timely steps to mitigate risks;

(v) Constituting core teams to effectively manage and supervise various risks and concerns and delegating authorities to deal with emergencies so as to minimise the impact;

(vi) Periodically updating the Board on implementation of risk management plan/policy and matters related thereto;

(vii) Reviewing the risks related to cyber security and prepare risk management plan.

In the financial year 2019 - 2020, two meetings of the Committee were held on 19 December 2019 and 13 March 2020. Composition of committee and member's attendance at the meeting during the year are as under:

Name	Designation	Meetings attended
Mr. Yogesh M. Agrawal	Chairman	2
Mr. Rajesh M. Agrawal	Member	2
Mr. Arvind Agrawal	Member	2

The Company Secretary acts as Secretary of the Committee.

XI. General Body Meetings

Annual General Meetings during last 3 years were held on:

AGM	Date	Time	Venue	No. of special resolutions passed
38th	5 July 2017	11.00 a.m.	Aspee Auditorium, Laxminarayan Mandir Complex, Marve Road, Next to Nutan School, Malad (West), Mumbai - 400064	-
39th	5 July 2018			-
40th	18 July 2019	11.00 a.m.	Rang Sharda Natyamandir, Bandra Reclamation, Bandra West, Mumbai - 400050	7

During the year, the Company has not passed any resolution through Postal Ballot.

XII. Means of Communication

The Company communicates with its stakeholders through multiple channels such as press releases, meeting analysts and investors, annual reports, half yearly financials and through social media.

Unaudited quarterly results, half yearly & Audited annual results are announced forthwith to both Stock Exchanges where the shares of the Company are listed, together with press release of brief analysis of results. The website (www.ajantapharma.com) also displays vital information relating to the Company and its performance, official press releases and presentation to analysts. Results are published within 48 hours in The Economic Times (English daily newspaper) as well as Maharashtra Times & Lokmat (Marathi newspaper) and simultaneously uploaded on the website of National Stock Exchange of India Limited and BSE Limited.

Trading window is closed in accordance with the Code of Conduct for prevention of insider trading and the same is intimated to all the designated persons by e-mail.

As a part of the green initiative, the Annual Reports are sent by e-mail to shareholders whose E-mail IDs are registered with the Depositories/ RTA.

The information as required to be disseminated on the website of your Company pursuant to the Listing Regulations, have been updated on the website of your Company viz., www.ajantapharma.com. A separate Section on 'Investors' on the website contains details relating to the financial results declared by the Company, annual reports, presentations made by the Company to investors, press releases, policies & codes, shareholding patterns and such other material information which is relevant to shareholders.

XIII. General Shareholders Information:

a. 41st Annual General Meeting to be held on:

Thursday, 30 July 2020 at 3.00 p.m. through Video Conferencing or Other Audio-Visual Means.

b. Financial Calendar:

Financial year: 1 April 2020 to 31 March 2021

Quarterly results will be declared normally in 4th week of following month or in the 1st week of the next succeeding month after the end of financial quarter.

c. Dates of Book Closure: Thursday, 23 July 2020 to Thursday 30 July 2020 (both days inclusive)

d. Dividend Payment Date: Interim Dividend paid on 21 November 2019 is proposed as final dividend and no further dividend is recommended.

e. Listing on Stock Exchanges:

a) BSE Limited (Code: AJANTAPHARM 532331)

b) National Stock Exchange of India Limited (Code: AJANTPHARMEQ)

The Annual Listing fees were paid in time to both these Stock Exchanges.

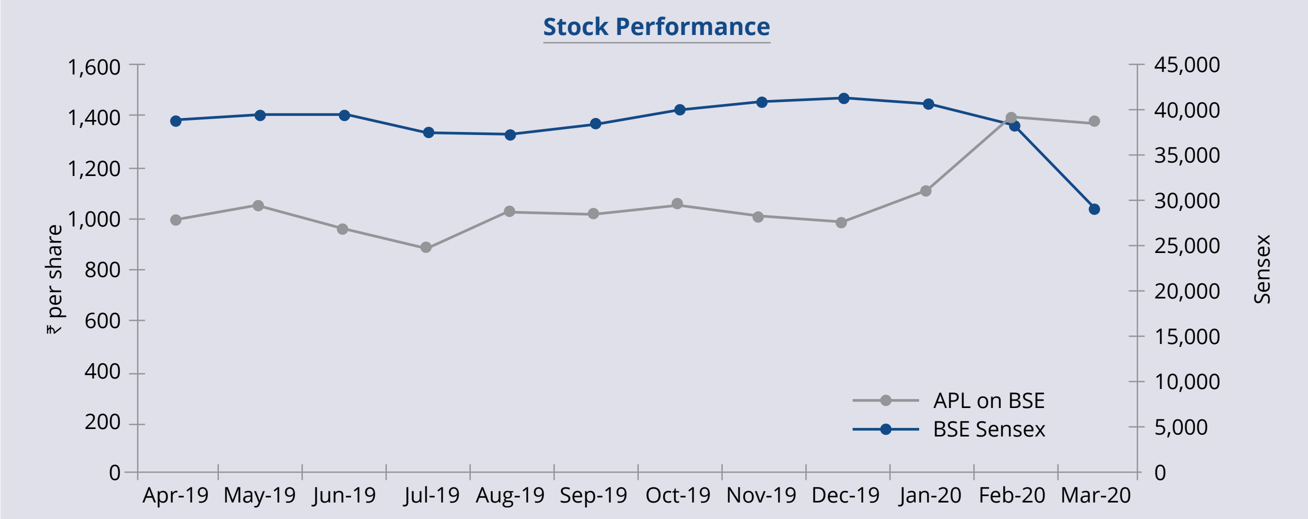
f. ISIN number for NSDL and CDSL: INE031B01049

g. CIN number: L24230MH1979PLC022059

h. Stock Market Data:

	Bombay Stock Exchange(BSE)		National Stock Exchange(NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-19	1,060.00	978.65	1,093.15	984.00
May-19	1,091.60	970.00	1,080.00	1,046.00
Jun-19	1,074.50	910.40	1,076.00	910.00
Jul-19	967.75	840.00	979.50	825.00
Aug-19	1,030.00	881.55	1,030.00	882.20
Sep-19	1,094.75	1,000.00	1,095.00	990.00
Oct-19	1,055.75	950.55	1,057.50	950.00
Nov-19	1,088.00	906.50	1,088.65	903.40
Dec-19	1,007.00	943.00	1,002.20	942.25
Jan-20	1,210.90	950.00	1,211.00	965.10
Feb-20	1,485.00	1,101.80	1,490.00	1,095.10
Mar-20	1,543.70	961.65	1,545.00	961.00

i. Performance of APL Share price in comparison to BSE Sensex:



j. Registrar and Transfer Agents:

Link Intime India Private Limited
Unit: Ajanta Pharma Limited
C 101, 247 Park, L B S Marg, Vikhroli West,
Mumbai - 400 083
Tel No.: +91 022 49186000 Fax: +91 022 49186060
Email: rnt.helpdesk@linkintime.co.in

k. Share Transfer System:

SEBI has mandated transfer of securities of listed companies only in dematerialised form with effect from 1 April 2019, baring certain exceptions.

The company is in compliance of SEBI circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20 April 2018 whereby SEBI has suggested measures to make the systems and processes among the RTAs, Issuer Companies and Bankers, more robust and transparent.

In terms of Regulation 40(9) of the Listing Regulations, half yearly audit of share transfer related activities is done by Company Secretary in practice and compliance certificate is submitted to the Stock Exchanges.

l. Distribution of Equity Shareholding as on 31 March 2020:

No. of shares held	Shareholders		Shares	
	No.	%	No.	%
Upto 500	37,267	92.96	18,04,315	2.07
501 - 1000	1,479	3.69	10,93,555	1.25
1001 - 2000	685	1.71	9,61,630	1.10
2001 - 3000	207	0.52	5,19,460	0.60
3001 - 4000	96	0.24	3,39,906	0.39
4001 - 5000	48	0.12	2,21,505	0.25
5001 - 10000	115	0.28	8,36,858	0.96
10001 & above	193	0.48	8,14,84,041	93.38
TOTAL	**40,090**	**100**	**8,72,61,270**	**100**

m. Pattern of Shareholding:

Sr. No.	Category	As on 31 March 2020 No of shares	% of total no. of shares
1.	Promoters Holding		
	• Promoters	6,15,28,601	70.52
	• Foreign Promoters	N.A.	N.A.
2.	Mutual Funds	80,75,735	9.25
3.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Government Institutions)	11,75,410	1.35
4.	Private Corporate Bodies	4,67,795	0.54
5.	Indian Public	78,82,382	9.03
6.	NRIs/OCBs/FII's/Foreign Nationals	80,28,555	9.20
7.	In Clearance	1,02,792	0.11
	TOTAL	**8,72,61,270**	**100.00**

n. Dematerialisation of Shares and liquidity:

99.72% of the total equity capital is held in dematerialised form with NSDL and CDSL as on 31 March 2020. All shares of the company are liquid and traded in normal volume on BSE and NSE. Relevant data for the average daily turnover for the financial year 2019 - 2020 is given below: -

	Bombay Stock Exchange (BSE)	National Stock Exchange (NSE)	BSE + NSE
In no. of Shares	11,946	2,02,825	2,14,771
In value terms ₹	1,27,30,266	21,62,59,271	22,89,89,537

o. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued these types of securities.

p. Commodity price risk or foreign exchange risk and hedging activities:

The Company does not have any significant exposure in commodities directly. The Company also does not carry out any commodity hedging activities.

Currency risks mainly arise out of exports and overseas operations. Since about 70% of the Company's income is by way of exports with major currency exposure being in USD, the Company generally does currency hedging upto a maximum period of six to twelve months and upto the extent of 50% of its Net Foreign Exchange Earnings (NFE). Exchange rate fluctuations could significantly affect earning because of invoicing in foreign currencies, expenditures in foreign currencies and translation of financial statement of overseas subsidiaries into Indian Rupees. Exchange Risk Management framework is developed and built in to manage these risks. Company hedges its foreign exchange risk exposure by forward exchange contracts as per the decision of Forex Risk Management Committee and forex consultants.

q. Employees Stock Option Scheme:

During the year 6,500 options were exercised by employees of a subsidiary company, while 1,000 options were exercised by employees of Company. Thus, a total of 7,500 options were allotted and listed on the Stock Exchanges. Further, 500 options were granted to an employee of overseas subsidiary company under the Ajanta Pharma Share Based Incentive Plan 2019. As on 31 March 2020, no options are due for vesting.

r. Plant Locations:

The Company has 7 Manufacturing Plants as detailed below:

i. B-4, B-5, B-6, MIDC Industrial Area, Paithan, Dist. Aurangabad, Maharashtra

ii. 31-O, MIDC Industrial Area, Chikalthana, Aurangabad, Maharashtra

iii. Gut No. 11/12/14/15, Chitegaon, Paithan Road, Dist. Aurangabad, Maharashtra

iv. Gut No. 378, Plot No. 8, Waluj, Aurangabad, Maharashtra

v. Plot No Z-103 /A, Dahej SEZ - Part II, Dist. Bharuch, Gujarat

vi. Mirza Palashbari Road, Mouza Chayani, Kamrup (R), Dist. Guwahati, Assam

vii. Plot No. M-55,56,57 ISEZ Phase-II, Pithampur Dist. Dhar, Madhya Pradesh

s. R & D Centres are located at Charkop, Kandivli West, Mumbai.

t. Investor Correspondence Address:

(i) For shares held in physical form

Link Intime India Private Limited
Unit: Ajanta Pharma Limited
C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083
Tel No: +91 022 49186000 Fax: +91 022 49186060
Email: rnt.helpdesk@linkintime.co.in

(ii) For shares held in demat form

Concerned Depository participants of investors

(iii) Compliance Officer & Nodal officer

Mr. Gaurang Shah
AVP- Legal & Company Secretary
Ajanta House, 98 Govt. Ind. Area,
Charkop, Kandivli (West),
Mumbai - 400067
Tel.: +91 022 – 66061000;
Fax: +91 022 - 66061200/1300
E-mail: investorgrievance@ajantapharma.com

u. Credit Ratings:

The Company's bank facilities are rated by Credit Analysis and Research Limited (CARE). They have assigned rating Care A1+ for working capital facilities and Care AA for long term borrowings, which indicates very strong/high degree of safety regarding timely payment of financial obligations.

v. The company does not have any fixed deposit programme nor has any proposal involving mobilisation of funds in India or abroad.

XIV. Subsidiary Companies

Ajanta Pharma USA Inc. became material subsidiary of the Company pursuant to Regulations 24(1) of the Listing Regulations.

Audited annual financial statements of overseas subsidiaries are placed before the Audit Committee and Board Meetings. Minutes of the Board Meetings of subsidiary companies held during the previous quarter, are circulated to all the Directors and are tabled at the Board Meetings. Board also reviews compliances, the investments made by such subsidiaries and the statement of all significant transactions and arrangements entered into by subsidiaries on a periodic basis. Web link of policy for determining material subsidiaries is http://www.ajantapharma.com/AdminData/PolicyCodes/PolicyonMaterialSubsidiaries2019.pdf

XV. Other Disclosures:

a. The Company has not entered into any transaction of a material nature with the Promoters, Directors or Management or their relatives, subsidiaries etc. that may have a potential conflict with the interests of the Company at large.

b. Transactions with related parties are disclosed in Note no. 54 of the Financial Statements. Weblink of policy dealing with related party transactions is available at http://www.ajantapharma.com/AdminData/PolicyCodes/PolicyonRelatedPartyTransactions2019.pdf

c. There were no instances of material non-compliance by the Company nor have any penalties/strictures imposed by Stock Exchanges or SEBI or any other statutory authority on any matters related to capital market, during last 3 financial years.

d. Board of Directors of the Company have adopted and put in place a Whistle Blower Policy to enable employees to raise the concerns, wrongdoing and other irregularities noticed by them and no personnel have been denied access to the audit committee. Details of vigil mechanism/whistle blower policy are provided in the Directors report.

e. Disclosure on Commodity price risk or foreign exchange risk and hedging activities has been made in earlier paragraphs in this report.

f. The Company had not raised any funds through preferential allotment of qualified institutional placement.

g. There were no instances where the Board had not accepted any recommendation of any committee during the financial year.

h. Managing Director and the Chief Financial Officer of the Company have certified to the Board with regard to the compliance in terms of Regulation 17(8) of the Listing Regulations [Part B of Schedule II] and the certificate forms part of Annual Report. Managing Director and the Chief Financial Officer also gives quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

i. There are no non-compliances of any requirement of corporate governance report and all the required disclosures are made to stock exchanges and other regulatory bodies as and when required.

j. Company has complied with and disclosed all the mandatory corporate governance requirements under Regulation 17 to 27 and Regulation 46(2) under Listing Regulations.

k. Disclosures have also been received from the senior management that there were no such transactions during the Financial Year 2019 - 2020 having potential conflict with the interests of the Company at large either by them or their relatives.

l. The Company is in compliance with the disclosures required to be made under this report in accordance with Regulation 34(3) read together with Schedule V(C) to the Listing Regulations.

m. Company complies with following non-mandatory requirements of Regulation 27(1) specified in Part E of Schedule II of the Listing Regulation:

   i. Appointed separate persons to the post of Chairman and Managing Director.

   ii. Non-Executive Chairman is provided with an office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

   iii. Financial performance highlights was sent to shareholders on a half-yearly basis.

   iv. Internal Auditor reports to the Audit Committee.

n. Certificate has been received from a company secretary in practice stating that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

o. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, is mentioned in Notes to Accounts.

p. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is as under:

Sr. No.	Particulars	No. of complaints
1.	Number of complaints filed during the financial year	Nil
2.	Number of complaints disposed of during the financial year	Nil
3.	Number of complaints pending as on end of the financial year	Nil

XVI. Unclaimed shares & dividend

(i) In pursuance of Regulation 39 read with Schedule VI of the Listing Regulations, 'Unclaimed Suspense Account' was opened by the Company. Details of shares in the suspense account at the beginning of the year, claimed during the year and balance as on 31 March 2020, are given below:

Sr. No.	Particulars	Shareholders	No. of shares
1.	Outstanding shares at the beginning of the year	30	22,500
2.	Shareholders approached the company for transfer	1	750
3.	Shareholders whose shares were transferred from suspense account	1	750
4.	Shares transferred to IEPF account	-	-
5.	Outstanding shares at the end of the year	29	21,750

Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

(ii) Undermentioned unclaimed dividends and underlying shares on which dividend had remained unclaimed for last 7 years have been transferred to Investor Education & Protection Fund in accordance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, after complying with the procedure:

Financial year	Amount of unclaimed dividend transferred (₹ lakh)	Number of shares transferred
2011-12	4.49	16,951

No claims shall lie against the Company in respect of the dividend/shares so transferred. Members who have a claim on above dividends and shares may claim the same from IEPF authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5.

(iii) Information of dividend remaining unpaid/unclaimed and the dates by which they would be transferred to IEPF is given below:

Financial year	Date of declaration	Tentative date for transfer to IEPF
2012-13	29.07.2013	03.09.2020
2013-14	05.08.2014	10.09.2021
2014-15	04.07.2015	09.08.2022
2015-16 (Interim)	09.03.2017	14.04.2023
2016-17 (1st Interim)	26.10.2016	01.12.2023
2016-17 (2nd Interim)	18.03.2017	23.04.2024
2018-19 (Interim)	31.10.2018	06.12.2025
2019-2020 (Interim)	05.11.2019	11.11.2026

Members may also note that underlying Shares on which dividend has remained unclaimed for 7 years i.e. from 2012-13 onwards, will also be transferred to IEPF account during the year and individual notices to that effect are sent to concerned shareholders. Notices in this regard would also be published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority would be uploaded on the Company's website. Shareholders who have not yet encashed their unclaimed/unpaid amounts are requested to correspond with the Company's Registrar & Transfer Agents, at the earliest to avoid transfer of dividend and underlying shares to IEPF.

For and behalf of the Board of Directors

Mannalal B. Agrawal
Chairman

Mumbai, 20 May 2020

DECLARATION PURSUANT TO SCHEDULE V OF THE LISTING REGULATIONS

In accordance with Regulation 26 (3) and Schedule V of the Listing Regulations with the Stock Exchanges, I hereby declare that the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct as applicable to them for the year ended 31 March 2020.

For **Ajanta Pharma Limited**

Yogesh M. Agrawal
Managing Director

Mumbai, 20 May 2020

CERTIFICATE PURSUANT TO REGULATION 17(8) OF THE LISTING REGULATIONS

We, Mr. Yogesh M. Agrawal, Managing Director and Mr. Arvind Agrawal, Chief Financial Officer hereby certify for the financial year ended 31 March 2020 that: -

(a) We have reviewed IND AS financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) these statements together present a true and fair view of the company's affairs and are in compliance with IND AS, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee

  (i) that there are no significant changes in internal control over financial reporting during the year;

  (ii) that there are no significant changes in accounting policies during the year; and

  (iii) that there are no instances of significant fraud of which we have become aware.

For **Ajanta Pharma Limited**

Yogesh M. Agrawal
Managing Director

For **Ajanta Pharma Limited**

Arvind Agrawal
Chief Financial Officer

Mumbai, 20 May 2020

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members of
AJANTA PHARMA LIMITED,

1. We have examined the compliances of the conditions of Corporate Governance by **AJANTA PHARMA LIMITED** ("the Company") for the financial year ended 31 March 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paras C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").
2. The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Alwyn D'Souza & Co.,**
Company Secretaries

Alwyn P D'souza
FCS. No. 5559
C. P. No. 5137
(UDIN No. F005559B000262750)

Place: Mumbai
Date: 20 May 2020

Financial Statements

Independent Auditors' Report

To the Members of
Ajanta Pharma Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ajanta Pharma Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Accruals for variable components in revenue recognition

The key audit matter	How the matter was addressed in our audit
Refer note 7.8 of accounting policies and note 38 to the consolidated financial statements The Group has numerous customers operating in multiple geographies and sales contracts with these customers have distinct terms and conditions relating to the recognition of revenue, the right of return and price adjustments. Contractual arrangements as well as regulatory requirements in various geographies result in adjustments to gross sales price. These adjustments arise from the Group's obligations to customers towards chargebacks, rebates, product recalls, Medicaid, allowances, supply penalties and right of return ("variable components").	Our audit procedures in respect of accruals for variable components in revenue recognition included following: • Assessing the Group's accounting policies for variable components by comparing with applicable accounting standards; • Testing key internal controls with respect to development of assumptions for accrual of these adjustment to sales. These assumptions are developed using accumulated experience, contractual arrangements, the expected level of chargebacks, rebates and product recalls for each product, level of Medicaid for sales made in the

Accruals for variable components in revenue recognition (Contd..)

The key audit matter	How the matter was addressed in our audit
As stated in Note 65 to the consolidated financial statements, revenue from the sale of goods is measured after adjusting variable components. Accruals are made for variable components which requires significant judgement and estimation by the Group. These are based on contractual arrangements, market conditions and accumulated experience. The estimation is based on various factors. These factors include, for example level of competition, market conditions, volume of sales to individual customers etc., some of which are beyond the control of the Group. We identified accruals for variable components in revenue recognition as a key audit matter.	United States and level of supply penalties-based contract fulfillment; Testing the completeness and accuracy of underlying data of sales and adjustment to sales; • Evaluating the Group's ability to estimate accrual for variable components resulting in adjustment to gross sales; • Selecting samples (using statistical sampling) of revenue transactions and examining variable components. Examining inclusion of these samples in the underlying data used to estimate accruals of variable components; • Examining historical trend of settled obligations to assess the assumptions and judgements used by the Group in accrual of variable components; • Examining sample manual journal entries (using statistical sampling) for variable components to verify unusual or irregular items; • Enquiring of any adjusting events subsequent to the year-end requiring adjustments to the accruals of variable components as at 31 March 2020.

Impairment of Property, Plant and Equipment (PPE)

The key audit matter	How the matter was addressed in our audit
Refer note 7.1 to Accounting policies and note 8 to the consolidated financial statements The carrying value of PPE represents 41% of the total assets of the Group as at 31 March 2020. PPE is carried at cost less accumulated depreciation and accumulated impairment losses. PPE is assessed for impairment when an indicator of impairment exists. As stated in Note 8 to the consolidated financial statements, if any such indication exists, the Company estimates the recoverable amount of the asset which is higher of the asset's fair value less costs of disposal and its value in use. The Group has identified following indicators of impairment: • Impact on sales of the Group resulting from the potential impact of the Covid 19 pandemic on the global economy • Anticipated delays in product approvals in regulated markets and • Capacity utilisation of specific plants. The identification of impairment event and the determination of impairment charge require the application of significant judgement by the Group. The value in use calculation is based on a discounted cash flow model. It involves making certain assumptions and using estimates, in particular, with respect to the timing and amount of future cash flows of the asset. These estimates include sales forecasts, estimation of costs, strategies and approval of new products, impact of competition on long term growth rates and applicable discounting rates. There is inherent uncertainty and judgment in forecasting and discounting future cash flows.	• Our audit procedures in this area included the following: • Evaluating the design, implementation and testing the operating effectiveness of key controls over the impairment assessment process. This included the estimation and approval of forecasts and determination of valuation models; • Analysing the indicators of impairment of PPE; • Understanding Group's assessment of those indicators; • Assessing the valuation methodology used for determining recoverable amount and testing the arithmetical accuracy of the impairment models; • Understanding from the Group regarding the basis and assumptions used for the projected future cash flows; • Verifying the inputs used in projecting future cash flows. We challenged the business assumptions used, such as sales growth and the probability of success of new products; • Challenging the assumptions used in estimating future cash flows for any inconsistency with the commercial strategy associated with the products; • Evaluating the valuation assumptions, such as discount rates, used by the Group;

Impairment of Property, Plant and Equipment (PPE) (Contd..)

The key audit matter	How the matter was addressed in our audit
Due to the significance of the value of PPE and the possible triggers of impairment, we have considered assessment of impairment of PPE as a key audit matter.	• Performing sensitivity analysis of key assumptions. This included future revenue growth rates and the discount rates. These are applied in the valuation models; • Evaluating the past performances where relevant and assessing historical accuracy of the forecast produced by the Group; • Considering events or transactions occurring after the balance sheet date but before the reporting date for any adjustment affecting the conclusions reached on the carrying values of the assets and associated disclosures.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, 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 and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements / financial information of three subsidiaries, whose financial statements/financial information reflect total assets of ₹ 261.44 crore as at 31 March 2020, total revenues of ₹ 524 crore and net cash flows amounting to ₹ 23.84 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 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 with reference to consolidated financial statements of the Holding Company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 55 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company incorporated in India during the year ended 31 March 2020.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020..

C. With respect to the matter to be included in the Auditor's report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company, to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410
UDIN:20111410AAAAAV1618

Mumbai
20 May 2020

Annexure A to the Independent Auditors' Report

on the consolidated financial statements of Ajanta Pharma Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Ajanta Pharma Limited (hereinafter referred to as "the Holding Company"), as of that date.

In our opinion, the Holding Company incorporated in India, has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by the Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements 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 with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410
UDIN:20111410AAAAAV1618

Mumbai
20 May 2020

Consolidated Balance Sheet
as at 31 March 2020

₹ in Crore

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	8	1,360.19	1,161.70
(b) Capital work-in-progress	8	131.86	261.61
(c) Investment property	8	9.39	9.88
(d) Other Intangible assets	8	11.71	6.65
(e) Right-of-use assets	8	90.85	-
(f) Financial assets			
Investments	9	12.28	12.99
Loans	10	6.52	8.45
Other financial assets	11	9.09	2.65
(g) Deferred tax assets (net)	12	25.40	31.81
(h) Income tax assets (net)	13	13.83	13.48
(i) Other non-current assets	14	5.86	7.15
Total non-current assets		**1,676.98**	**1,516.37**
Current assets			
(a) Inventories	15	495.68	435.71
(b) Financial assets			
Investments	16	67.14	64.74
Loans	17	9.01	11.66
Trade receivables	18	775.30	459.48
Cash and cash equivalents	19	202.35	95.16
Bank balances other than cash and cash equivalents	20	2.90	5.35
Other financial assets	21	3.08	7.02
(c) Other current assets	22	86.25	100.69
Total current assets		**1,641.71**	**1,179.81**
Total assets		**3,318.69**	**2,696.18**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	23	17.54	17.54
(b) Other Equity	24	2,581.33	2,227.67
Total Equity		**2,598.87**	**2,245.21**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
Borrowings	25	0.74	0.66
Lease liabilities	26	11.97	-
Other financial liabilities	27	0.46	0.33
(b) Other Liabilities	28	3.67	-
(c) Provisions	29	15.65	13.44
(d) Deferred tax liabilities (net)	30	81.16	58.90
Total non-current liabilities		**113.65**	**73.33**
Current liabilities			
(a) Financial liabilities			
Borrowings	31	42.85	33.34
Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	32	8.99	9.39
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	32	353.35	215.79
Other financial liabilities	33	142.24	102.63
Lease liabilities	34	17.31	-
(b) Other liabilities	35	20.57	8.82
(c) Provisions	36	9.16	7.67
(d) Income tax liabilities (net)	37	11.70	-
Total current liabilities		**606.17**	**377.64**
Total Equity and Liabilities		**3,318.69**	**2,696.18**
Significant accounting policies	1 to 7		
The notes referred to above form an integral part of the consolidated financial statements	47 to 70		

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
20 May 2020

For and on behalf of Board of Directors of
Ajanta Pharma Limited
CIN - L24230MH1979PLC022059

Yogesh M. Agrawal
Managing Director
DIN: 00073673

Arvind Agrawal
Chief Financial Officer

Rajesh M. Agrawal
Joint Managing Director
DIN: 00302467

Gaurang Shah
Company Secretary
FCS No. 6696

Consolidated Statement of Profit and Loss

for the period ended 31 March 2020

₹ in Crore

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	38	2,587.87	2,055.37
Other income	39	92.19	21.08
Total income		**2,680.06**	**2,076.45**
Expenses			
Cost of materials consumed	40	560.33	391.84
Purchase of stock-in-trade	41	112.13	48.25
Changes in inventories of finished goods/work-in-progress/stock-in-trade	42	(16.75)	(56.61)
Employee benefits expense	43	485.59	430.71
Finance costs	44	11.91	1.16
Depreciation and amortisation expense	45	95.72	72.08
Other expenses	46	763.24	674.75
Total expenses		**2,012.17**	**1,562.18**
Profit before tax and exceptional items		667.89	514.27
Exceptional Item - Loss on fire		3.92	-
Profit before tax		663.97	514.27
Tax expense	62		
-Current tax (net)		186.35	123.86
-Deferred tax (net)		9.92	3.44
Profit for the year		**467.70**	**386.97**
Other comprehensive income / (loss)			
Items that will not to be reclassified subsquently to profit or loss			
Re-measurements of defined benefit plans		(3.92)	(1.97)
Income tax relating to items that will not be reclassified to profit or loss		1.37	0.69
Net other comprehensive loss not to be reclassified subsequently to profit or loss		**(2.55)**	**(1.28)**
Items that will be reclassified subsequently to profit or loss			
Exchange differences in translating the financial statements of foreign operations		8.11	(1.95)
Income tax relating to items that will be reclassified to profit or loss		-	-
Net other comprehensive income / (loss) to be reclassified subsequently to profit or loss		**8.11**	**(1.95)**
Other comprehensive income / (loss) for the year, net of income tax		**5.56**	**(3.23)**
Total comprehensive income for the year		**473.26**	**383.74**
Earnings Per Equity Share (Face Value ₹ 2/-)	48		
Basic (₹)		53.60	43.97
Diluted (₹)		53.60	43.96
Significant accounting policies	1 to 7		
The notes referred to above form an integral part of the consolidated financial statements	47 to 70		

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
20 May 2020

For and on behalf of Board of Directors of
Ajanta Pharma Limited
CIN - L24230MH1979PLC022059

Yogesh M. Agrawal
Managing Director
DIN: 00073673

Arvind Agrawal
Chief Financial Officer

Rajesh M. Agrawal
Joint Managing Director
DIN: 00302467

Gaurang Shah
Company Secretary
FCS No. 6696

Consolidated Statement of Cash Flow

for the year ended as at 31 March 2020

₹ in Crore

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
A. Cash flow from operating activities		
Profit before tax	663.97	514.27
Adjustment for		
Depreciation and amortisation expense	95.72	72.08
Loss on sale / retirement of property, plant and equipment (net)	0.10	0.23
Finance costs	11.91	1.16
Loss / (Gain) on fair value of investment	(6.38)	(12.45)
Loss / (Gain) on fair value of derivative	14.49	(8.21)
Income from investments and deposits	(3.86)	(4.51)
Equity settled share based payment	0.42	0.67
Unrealised Foreign exchange (Gain) / loss	(53.79)	4.48
Loss on fire	3.92	-
Impairment loss on financial assets	8.26	8.48
Operating cash flow before working capital changes	**734.76**	**576.20**
Changes in working capital		
(Increase) in trade receivables	(268.38)	(14.43)
Decrease / (increase) in other current assets	15.69	(7.27)
Decrease in other current financial assets	10.30	40.26
(Increase) / decrease in other non-current financial assets	(6.44)	1.35
Decrease in non-current financial assets	0.06	0.55
Decrease in non-current loans	1.93	1.96
(Increase) in inventories	(58.93)	(85.33)
Decrease / (increase) in current loans	2.65	(1.98)
Increase in other non-current financial liabilities	0.13	0.33
Increase in other current liabilities	60.43	17.80
(Decrease) / increase in other current financial liabilities	(13.19)	10.36
Increase in non-current provisions	2.21	0.28
(Decrease) in current provisions	(2.43)	(23.05)
Increase / (decrease) in trade payables	132.81	(24.29)
Cash generated from operating activities	**611.60**	**492.74**
Net income tax paid	(154.83)	(118.23)
Net cash generated from operating activities	**456.77**	**374.51**
B. Cash flow from investing activities		
Capital expenditure on property, plant and equipment including capital advances	(239.42)	(342.97)
Proceeds from sale of property, plant and equipment	5.49	0.63
Bank balances not considered as cash and cash equivalents	2.44	(2.88)
Insurance claim received against property, plant and equipment	4.90	-
Purchase of current investments	(278.00)	(269.22)
Proceeds from sale of current investments	275.60	392.45
Income on investments and deposits	3.86	4.63
Sale / (purchase) of non-current investments	0.72	(5.42)
Net cash used in investing activities	**(224.41)**	**(222.78)**

Consolidated Statement of Cash Flow

for the year ended as at 31 March 2020

₹ in Crore

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
C. Cash flow from financing activities		
Proceeds / (repayment) of borrowings (net)	9.73	34.18
Interest paid	(7.16)	(1.16)
Repayment of lease liability (including interest thereon)	(15.27)	-
Payment for buyback of shares	-	(100.00)
Payment for expenses for buyback of shares	-	(0.99)
Dividend paid	(113.44)	(79.12)
Dividend distribution tax paid	(2.49)	(0.37)
Net cash used in financing activities	**(128.63)**	**(147.46)**
Net increase in cash and cash equivalents	**103.73**	**4.27**
Cash and cash equivalents as at the beginning of the year	95.16	90.64
Cash and cash equivalents as at the end of the year (refer note 19)	198.89	94.91
Reconciliation of cash and cash equivalents with the Balance sheet		
Cash and cash equivalents as per balance sheet	202.35	95.16
Unrealised loss / (gain) on foreign currency cash and cash equivalents	(3.46)	(0.25)
Cash and cash equivalents as restated as at the end of the year	198.89	94.91

Figures in brackets indicates outflow.

Note :

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS -7) " Statement of Cash Flow " under Section 133 of the Companies Act 2013.

2. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).

3. Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities.

Particulars	Notes	31 March 2019	Cash Flows	Non-cash changes			31 March 2020
				Acquisition	Foreign exchange movement	Fair value change	
Borrowing	25, 31 & 33	35.97	9.73	-	-	-	45.70

4. During the year the Group paid ₹ 15.07 (31 March 2019 ₹ 11.69) towards corporate social responsibility (CSR) expenditure included in corporate social responsibility expenditure Refer note 57)

Significant accounting policies
The notes referred to above form an integral part of the consolidated financial statements
As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
20 May 2020

For and on behalf of Board of Directors of
Ajanta Pharma Limited
CIN - L24230MH1979PLC022059

Yogesh M. Agrawal
Managing Director
DIN: 00073673

Arvind Agrawal
Chief Financial Officer

Rajesh M. Agrawal
Joint Managing Director
DIN: 00302467

Gaurang Shah
Company Secretary
FCS No. 6696

Consolidated Statement of Changes in Equity

for the year ended as at 31 March 2020

A. Equity Share Capital (Refer Note 23)

₹ in Crore

Particulars	Balance as at 1 April 2019	Changes in Equity Share Capital during the year	Balance as at 31 March 2020
Authorised	30.00	-	30.00
Issued. Subscribed & Paid up	17.54	0.00	17.54

B. Other Equity (Refer Note 24)

₹ in Crore

Particulars	Capital Redemption Reserve	Securities Premium	General Reserve	Employee Stock Options Outstanding Account	Retained Earnings	Other Comprehensive Income		Total	Non-Controlling Interests	Total Equity
						Foreign Currency Translation Reserve	Other items (Re-measurement gains (losses) on defined benefit plans)			
As at 1 April 2018	**2.10**	**77.42**	**972.55**	**1.63**	**963.12**	**8.16**	**(1.30)**	**2,023.68**	**-**	**2,023.68**
Profit for the period	-	-	-	-	386.97	-	-	386.97	-	386.97
Other comprehensive income	-	-	-	-	-	(1.95)	(1.28)	(3.23)	-	(3.23)
Total comprehensive income	**-**	**-**	**-**	**-**	**386.97**	**(1.95)**	**(1.28)**	**383.74**	**-**	**383.74**
Exercise of Stock Options	-	-	-	(1.20)	-	-	-	(1.20)	-	(1.20)
Uitilised for buy-back of Equity Shares	-	(78.62)	(21.23)	-	-	-	-	(99.85)	-	(99.85)
Uitilised for buy-back of Equity Shares	-	-	-	-	(0.99)	-	-	(0.99)	-	(0.99)
Transfer to Capital Redemption Reserve for buyback of Equity Shares	0.15	-	(0.15)	-		-	-	-	-	-
Exercised Stock Options	-	1.20	-	-	-	-	-	1.20		1.20
Share based payment expenses	-	-	-	0.67	-	-	-	0.67	-	0.67
Dividend Paid	-	-	-	-	(79.22)	-	-	(79.22)		(79.22)
Dividend Distribution Tax	-	-	-	-	(0.37)	-	-	(0.37)		(0.37)
As at 31 March 2019	**2.25**	**-**	**951.18**	**1.10**	**1,269.51**	**6.21**	**(2.58)**	**2,227.67**	**-**	**2,227.67**
Transition impact of Ind AS 116 (Refer Note 54)					(4.09)	-	-	(4.09)	-	(4.09)
Restated balance as at 1 April 2019	**2.25**	**-**	**951.18**	**1.10**	**1,265.42**	**6.21**	**(2.58)**	**2,223.58**	**-**	**2,223.58**
Profit for the period					467.70			467.70	-	467.70
Other comprehensive income (net of tax)	-	-	-	-	-	8.11	(2.55)	5.56	-	5.56
Total comprehensive income	**-**	**-**	**-**	**-**	**467.70**	**8.11**	**(2.55)**	**473.26**	**-**	**473.26**
Exercise of Stock Options	-	-	-	(1.05)	-	-	-	(1.05)	-	(1.05)
Exercised Stock Options	-	1.06	-	-	-	-	-	1.06	-	1.06
Share based payment expenses	-	-	-	0.42	-	-	-	0.42	-	0.42
Dividend Paid	-	-	-	-	(113.44)	-	-	(113.44)	-	(113.44)
Dividend Distribution Tax	-	-	-	-	(2.50)	-	-	(2.50)	-	(2.50)
As at 31 March 2020	**2.25**	**1.06**	**951.18**	**0.47**	**1,617.18**	**14.32**	**(5.13)**	**2,581.33**	**-**	**2,581.33**

a) Capital Redemption Reserve

As per Companies Act, 2013, capital redemption reserve is created on redemption of preference shares and when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares redeemed or purchased is transferred to capital redemption reserve.

b) Securities Premium

Securities premium account comprises of premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

Consolidated Statement of Changes in Equity
for the year ended as at 31 March 2020

c) General Reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

d) Employee Stock Option Outstanding

The fair value of the equity-settled share based payment transactions are debited to Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account over the vesting date of the options.

e) Retained Earnings

Retained Earnings are the profits that the Company has earned till date less any transfer to general reserve, dividends or other distributions paid to shareholders.

See accompanying notes forming part of the consolidated financial statements

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
20 May 2020

For and on behalf of Board of Directors of
Ajanta Pharma Limited
CIN - L24230MH1979PLC022059

Yogesh M. Agrawal
Managing Director
DIN: 00073673

Arvind Agrawal
Chief Financial Officer

Rajesh M. Agrawal
Joint Managing Director
DIN: 00302467

Gaurang Shah
Company Secretary
FCS No. 6696

Notes to the Consolidated Financial Statements

as on 31 March 2020

1. Corporate Information

Ajanta Pharma Limited ("the Company") is a public limited company incorporated and domiciled in India. Its shares are listed on Bombay Stock Exchange and National Stock Exchange. The registered office of Holding Company is located at Ajanta House, Charkop, Kandivali (West), Mumbai. These Consolidated Financial statements ("CFS") comprises the Company and its wholly owned subsidiaries (referred to collectively as the "Group").

The Group is primarily involved in development, manufacturing and marketing of speciality pharmaceutical quality finished dosages.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in all material aspects in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under section 133 of the Companies Act, 2013 ('The Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India.

These consolidated financial statements have been prepared on an accrual basis and under the historical cost basis, except otherwise stated.

These Consolidated Financial Statements were authorised for issue by the Company's Board of Directors on 20 May, 2020.

Use of estimates and judgements:

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and under lying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2020 are as follows:

Property, plant and equipment:

Determination of the estimated useful life of Property, Plant and Equipment and the assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on useful lives / rates prescribed by the GAAPs of the respective countries. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

Recognition and measurement of defined benefit obligations:

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

Intangible Assets

Internal technical or user team assess the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management seems them not collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgement in making these assumption and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period

Allowances for inventories

Management reviews the inventory age listing on a periodic basis. The review involves comparison of

Notes to the Consolidated Financial Statements
as on 31 March 2020

the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statement for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the group's financial statements.

Recognition of deferred tax assets and income tax

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the group's financial Statements

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective country.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy

Insurance claims

Insurance claims are recognised when the Company has reasonable certainty of recovery.

Impairment reviews

An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved

Determination of functional currency

Each entity in the group determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements of each entity are measured using that functional currency. Ind AS 21, "The Effects of Changes in Foreign Exchange Rates" prescribes the factors to be considered for the purpose of determination of functional currency. Management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Notes to the Consolidated Financial Statements
as on 31 March 2020

3. Principles of consolidation

These consolidated financial statements comprise the financial statement of the Company and its wholly owned subsidiaries. A subsidiary is an entity over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Consolidation procedure

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in Statement of Profit and Loss.

(iv) Transaction's eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the Consolidated Financial Statements

as on 31 March 2020

4. Functional and Presentation Currency:

Group's consolidated financial statements are presented in Indian rupees, which is the functional currency of the Holding Company. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Initial recognition

Foreign currency transactions are recorded by the Group's entities at their respective functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported at functional currency spot rate of exchange at reporting date. 'Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Indian rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates.

For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

5. Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crore.

6. Current / non-current classification

An entity shall classify an asset as current when-

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when-

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current

Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of products / activities of the group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the group has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

7. Significant Accounting Policies

7.1. Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Notes to the Consolidated Financial Statements

as on 31 March 2020

Cost includes purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates these components separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

All identifiable revenue expenses including interest incurred in respect of various projects / expansion, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work–in–Progress.

Capital expenditure on Property, Plant and Equipment for research and development is classified under Property, Plant and Equipment and is depreciated on the same basis as other Property, Plant and Equipment.

Property, Plant and Equipment are derecognised, either on disposal or when the asset retires from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

7.2. Property, plant and equipment

Depreciation for Holding Company

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant and Equipment is provided on straight line method, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013. Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis. Premium on Leasehold land are amortised over the period of lease. Building constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of the land is beyond the life of the building. In other cases, building constructed on leasehold land are amortised over the primary lease period of the land.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other Non-Current Assets.

Depreciation for Subsidiaries

Depreciation on property, plant and equipment has been provided at the rates required / permissible by the GAAPs of the respective countries. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Vehicles acquired on finance leases are depreciated over the period of lease agreement or the useful life, whichever is shorter.

7.3. Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably.

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred.

Software is amortised over their estimated useful life on straight line basis from the date they are available for intended use, subject to impairment test.

The amortisation period and the amortisation method for an intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits

Notes to the Consolidated Financial Statements

as on 31 March 2020

embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the assets is derecognised.

Research and Development

Revenue expenditure on research is recognised in the statement of profit and loss in the period in which it is incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The group depreciates investment property using the following useful lives from the date of original purchase.

Investment Property	Management estimate of useful life	Useful life as per Schedule II
Building	21 years	30 and 60 years

Any gain or loss on disposal of an investment property is recognised in profit or loss.

The fair values of investment property is disclosed in the notes. Fair values is determined by the per square feet value in the locality available publicly.

Impairment on nonfinancial assets

The group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows (i.e. corporate assets) are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

i) An intangible asset that is not yet available for use; and

ii) An intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

7.4. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to the Consolidated Financial Statements
as on 31 March 2020

Financial Assets

Classification

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial Recognition and Measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Subsequent Measurement

For the purpose of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value (FVTPL / FVTOCI)
- Financial assets at amortised cost

When assets are measured at fair value, gains and losses are either recognised in the statement of profit and loss (i.e. fair value through profit or loss (FVTPL)), or recognised in other comprehensive income (i.e. fair value through other comprehensive income (FVTOCI)).

Financial Assets measured at Amortised Cost (net of any write down for impairment, if any)

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of profit and loss.

Financial Assets measured at Fair Value through Other Comprehensive Income (“FVTOCI”)

Financial assets under this category are measured initially as well as at each reporting date at fair value, when asset is held within a business model, whose objective is to hold assets for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

Financial Assets measured at Fair Value through Profit or Loss (“FVTPL”)

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

Investment in Equity Instruments

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income. There is no recycling of the amounts from other comprehensive income to profit or loss.

Investment in Debt Instruments

A debt instrument is measured at amortised cost or at FVTOCI. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

Derecognition of Financial Assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Impairment of Financial Assets

In accordance with Ind - AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and trade receivables.

Financial Liabilities

Classification

The Group classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Notes to the Consolidated Financial Statements

as on 31 March 2020

Subsequent measurement

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative Financial Instrument

The Group uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. . Any changes therein are generally recognised in the statement of profit and loss.

7.5. Inventories

Raw materials and packing materials are valued at lower of cost (on moving weighted average basis) and net realisable value, cost of which includes duties and taxes (net off CENVAT, VAT and GST, wherever applicable). Cost of imported raw materials and packing materials lying in bonded warehouse includes the amount of customs duty/Goods and Services Tax. Finished products including traded goods and work-in-progress are valued at lower of cost and net realisable value. Cost is arrived on weighted average basis.

The cost of Inventories have been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal operating capacity and other related cost incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses necessary to make the sale.

Slow and non-moving material, products nearing expiry, defective inventory are fully provided for and valued at net realisable value.

Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet. Materials and other items held for use in production of inventories are not written down, if the finished products in which they will be used are expected to be sold at or above cost.

7.6. Cash and Cash Equivalents

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the group's cash management

7.7. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of the Group are segregated.

7.8. Foreign Currency Transactions

In case of foreign operations whose functional currency is different from the parent company's functional currency, the assets and liabilities of such foreign operations, including goodwill and fair value

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adjustments arising upon acquisition, are translated to the reporting currency at exchange rates at the reporting date.

The income and expenses of such foreign operations are translated to the reporting currency at the monthly average exchange rates prevailing during the year. Resulting foreign currency differences are recognized in other comprehensive income/ (loss) and presented within equity as part of FCTR. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is reclassified to the Consolidated Statement of Profit and Loss as a part of gain or loss on disposal.

7.9. Revenue Recognition

Revenue recognition under Ind AS 115 (applicable from 1 April 2018)

Under Ind AS 115, the group recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The group disaggregates revenue from contracts with customers by geography.

Sale of Goods

The group applied Ind AS 115 using the modified retrospective approach.

Revenue is measured based on the transaction price adjusted for discounts and rebates, which is specified in a contract with customer. Revenue are net of estimated returns and taxes collected from customers.

Revenue from sale of goods is recognized at point in time when control is transferred to the customer and it is probable that consideration will be collected. Control of goods is transferred upon the shipment of the goods to the customer or when goods is made available to the customer.

The transaction price is documented on the sales invoice and payment is generally due as per agreed credit terms with customer.

The consideration can be fixed or variable. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

Sales return is variable consideration that is recognised and recorded based on historical experience, market conditions and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with trade practices, historical trends, past experience and projected market conditions.

Interest income

Interest income is recognised with reference to the Effective Interest Rate method.

Dividend income

Dividend from investment is recognised as revenue when right to receive is established.

Income from Export Benefits and Other Incentives

Export benefits available under prevalent schemes are accrued as revenue in the year in which the goods are exported and / or services are rendered only when there reasonable assurance that the conditions attached to them will be complied with, and the amounts will be received.

7.10. Employee Benefits

In case of Holding Company

All employee benefits payable wholly within twelve months rendering service are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

(i) Defined Benefit Plans

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation

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or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the Projected Unit Credit Method.

The Company fully contributes all ascertained liabilities to the Ajanta Pharma Limited Group Gratuity Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by laws of India.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme. The company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. The effect of any plan amendments are recognized in the statement of profit and loss.

(ii) Defined Contribution Plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Compensated Absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

(iv) Share-Based Compensation

Employees Stock Options Plans ("ESOPs"): The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Stock Options Outstanding Reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

The company recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with Ind AS 102, Share-Based Payment.

In case of Subsidiary at Mauritius

For employees who are not covered by a pension plan, the net present value of severance allowances payable under the Employment Rights Act 2008 is provided for. The obligations arising under this item are not funded.

In case of Subsidiary at Philippines

Short-term benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short term benefits given by the Company to its employees include salaries and wages, social security contributions, short term compensated absences, bonuses and other non-monetary benefits.

Post-employment benefits

The Company does not have a formal retirement benefit plan. However, the Company is subject to the provisions of Republic Act No. 7641, retirement law.

Compensated Absences

Compensated absences are recognized for the number of paid leave days remaining at the end of the reporting period. Those are included in the salaries and wages account and are recognized when availed of by the employees.

In case of Subsidiary at USA

Short-term benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, Medicare contributions, and other non-monetary benefits. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably

Post-employment benefits

The Company provides a 401(k) retirement program for full-time employees who are 21 years of age or older. Eligible employees are entitled to participate in the company offered plan with an option to contribute up to maximum 3% of annual base salary. For employees with an annual base salary above the annual compensation limits, as determined by the Federal Internal Revenue Service (Federal), the annual APUI contribution will be capped at 3% of the Federal allowed annual compensation limits. All contributions are 100% vested immediately to the employee.

7.11. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Transaction costs are charged to statement of profit and loss as financial expenses over the term of borrowing.

7.12. Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Transition

Effective 1 April 2019, the group adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the generally accepted interest rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the generally accepted interest rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

On transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset and a lease liability The cumulative effect of applying the standard, was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

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2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of 31 March 2019 under Ind AS 17 disclosed under Note 49 of the 2019 Annual Report and the value of the lease liability as of 1 April 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The interest rate applied to lease liabilities as at 1 April 2019 is between 5.50 % - 8.50%.

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

7.13. Government Grants

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant;

- In case of capital grants, they are then recognised in Statement of Profit and Loss as other income on a systematic basis over the useful life of the asset.
- In case of grants that compensate the Company for expenses incurred are recognised in Statement of Profit and Loss on a systematic basis in the periods in which the expenses are recognised.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

7.14. Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

7.15. Income Taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the respective Country's tax rates and tax laws that have been enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Deferred income tax assets and liabilities are measured using respective Country's tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

7.16. Dividends to Shareholders

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

7.17. Provisions, Contingent Liabilities, Contingent Assets and Commitments

General

Provisions (legal and constructive) are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If there is any expectation that some or all of the provision will be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any virtually certain reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimates is possible;
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not recognised but disclosed in the Consolidated Financial Statements. Contingent assets are neither recognised nor disclosed in the Financial Statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets and Non-cancellable operating lease.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Asset Retirement Obligation

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the

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Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

7.18. Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date in accordance with Ind AS 113.

Financials Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value received from Bank.
- Mutual Funds are measured at fair values as per Net Asset Value (NAV).
- Employee Stock Option Plan (ESOP) at fair values as per Actuarial Valuation Report.

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

7.19. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

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8. Property, plant and equipment, capital work-in-progress, investment property and other intangible assets

8.1. Current Year

₹ in Crore

Particulars	Gross Block (Cost or Deemed cost)					Accumulated Depreciation/Amortisation					Net Block
	As at 01 April 2019	Exchange Difference	Additions	Disposals	As at 31 March 2020	As at 01 April 2019	Exchange Difference	For the Year	Disposals	As at 31 March 2020	As at 31 March 2020
(A) Property, Plant and Equipment											
Freehold land **	155.42	-	-	-	155.42	-	-	-	-	-	155.42
Leasehold improvement	1.16	-	-	-	1.16	0.80	-	-	-	0.80	0.36
Buildings	410.59	-	132.06	-	542.65	89.28	-	13.87	-	103.15	439.50
Plant and equipments	786.57	-	199.98	7.50	979.05	223.37	-	52.33	2.12	273.58	705.47
Furniture and fixtures	73.45	-	9.37	0.09	82.72	41.88	-	4.62	0.06	46.44	36.28
Vehicles	10.40	-	2.01	0.03	12.38	6.03	-	1.59	0.01	7.61	4.77
Office equipments	25.26	-	3.33	0.18	28.41	17.30	-	2.39	0.13	19.56	8.85
Computers	32.06	-	3.50	1.16	34.40	21.65	-	4.26	1.05	24.86	9.54
Total	**1,494.91**	**-**	**350.25**	**8.96**	**1,836.19**	**400.31**	**-**	**79.06**	**3.37**	**476.00**	**1,360.19**
(B) Other Intangible assets											
Computer Software	16.95	-	8.30	-	25.25	10.30	-	3.24	-	13.54	11.71
Total	**16.95**	**-**	**8.30**	**-**	**25.25**	**10.30**	**-**	**3.24**	**-**	**13.54**	**11.71**
Total (A + B)	**1,511.87**	**-**	*** 358.55**	**8.96**	**1,861.44**	**410.61**	**-**	**82.30**	**3.37**	**489.54**	**1,371.90**
(C) Capital work in progress											131.86
(D) Investment in property	10.93	-	-	-	10.93	1.05	-	0.49	-	1.54	9.39
Total Property, Plant and Equipment, Capital Work-in-Progress , Investment property and Other Intangible Assets (a) + (b) + (c) + (d)											**1,513.15**

* Addition includes ₹ 2.12 Crore used for Research and Development.
** Freehold land title deeds are in the name of the Company.

8.2. Previous Year

₹ in Crore

Particulars	Gross Block (Cost or Deemed cost)					Accumulated Depreciation/Amortisation					Net Block
	As at 01 April 2018	Exchange Difference	Additions	Disposals	As at 31 March 2019	As at 01 April 2018	Exchange Difference	For the Year	Disposals	As at 31 March 2019	As at 31 March 2019
(A) Property, Plant and Equipment											
Freehold land **	143.67	-	11.75	-	155.42	-	-	-	-	-	155.42
Leasehold land	31.21	-	40.08	-	71.29	3.49	-	0.70	-	4.19	67.10
Leasehold improvement	1.16	-	-	-	1.16	0.80	-	0.00	-	0.80	0.36
Buildings	347.57	-	63.02	-	410.59	78.09	-	11.19	-	89.28	321.31
Plant and equipments	723.46	-	63.57	0.46	786.57	177.68	-	45.96	0.27	223.37	563.20
Furniture and fixtures	66.60	-	7.11	0.26	73.45	37.67	-	4.26	0.05	41.88	31.57
Vehicles	11.30	-	1.84	2.74	10.40	7.44	-	1.28	2.69	6.03	4.37
Office equipments	23.36	-	3.05	1.15	25.26	16.12	-	2.00	0.82	17.30	7.96
Computers	27.31	-	5.87	1.12	32.06	19.52	-	3.16	1.03	21.65	10.41
Total (A)	**1,375.64**	**-**	**196.29**	**5.73**	**1,566.20**	**340.81**	**-**	**68.55**	**4.86**	**404.50**	**1,161.70**
(B) Other Intangible Assets											
Computer Software	14.72	-	2.23	-	16.95	7.27	-	3.03	-	10.30	6.65
ANDA Development Cost	15.93	-	-	-	15.93	15.93	-	-	-	15.93	-
Total (B)	**30.65**	**-**	**2.23**	**-**	**32.88**	**23.20**	**-**	**3.03**	**-**	**26.23**	**6.65**
Total (A + B)	**1,406.29**	**-**	*** 198.52**	**5.73**	**1,599.08**	**364.01**	**-**	**71.58**	**4.86**	**430.73**	**1,168.35**
(C) Capital work in progress											261.61
(D) Investment in property	10.93	-	-	-	10.93	0.56	-	0.49	-	1.05	9.88
Total Property, Plant and Equipment, Capital Work-in-Progress , Investment property and Other Intangible Assets (a) + (b) + (c) + (d)											**1,439.84**

* Addition includes ₹ 78.28 Crore used for Research and Development.
** Freehold land title deeds are in the name of the company

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8.3. Current Year

₹ in Crore

Particulars	Gross Block (Cost or Deemed cost)					Accumulated Depreciation/Amortisation					Net Block
	As at 01 April 2019	Exchange Difference	Additions	Disposals	As at 31 March 2020	As at 01 April 2019	Exchange Difference	For the Year	Disposals	As at 31 March 2020	As at 31 March 2020
Leasehold land	67.12	-	-	-	67.12	-	-	1.00	-	1.00	66.11
Leasehold properties	35.20	1.46	-	-	36.66	-	-	11.93	-	11.93	24.74
Total	**102.32**	**1.46**	**-**	**-**	**103.78**	**-**	**-**	**12.93**	**-**	**12.93**	**90.85**

9. Investments (non-current)

₹ in Crore

Particulars	Face Value ₹	No. of Units *	As at 31 March 2020	As at 31 March 2019
Long term trade investments				
Unquoted investments				
In Joint Venture				
Turkmenderman Ajanta Pharma Ltd. (Refer Note 63)				
200,000 (31 March 2019 200,000) Shares of US $ 10 each fully paid-up				
In others at fair value				
OPGS Power Gujarat Private Limited			-	-
195,000 (31 March 2019 195,000) Shares of ₹ 0.19 each				
(31 March 2020 ₹ 37,050, 31 March 2019 ₹ 37,050)				
In Mutual Funds (unquoted)				
Kotak Fixed Term Fund XII Segregated Portfolio		- (70,413)	-	2.34
Greenland Global Fund - Sub Fund A - Class B RPS - Series 8	86,269	450 (450)	3.89	3.25
Silverdale Fund SP-1	10,154	8,263 (8,263)	8.39	7.40
Total			**12.28**	**12.99**
Note : The company has made full provision for investment in Turkmenderman Ajanta Pharma Limited in Year 2014-15 and carrying value of investment is considered Nil				
Aggregate value of quoted investments			-	-
Aggregate value of unquoted investments (net of impairment)			12.28	12.99
Aggregate market value of quoted investments			-	-
Aggregate amount of impairment in value of non current investment			6.95	6.95

* Figures in Brackets are for Previous Years

10. Loans

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good unless otherwise stated		
Security deposits	6.52	8.45
	6.52	**8.45**

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11. Other non-current financial assets

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good unless otherwise stated		
Prepaid lease	0.67	-
Financial asset at amortised cost	3.65	-
In deposit accounts with banks with maturity of more than 12 months from the balance sheet date		
- Under lien	4.58	2.53
- Others (31 March 2020 ₹ 14,625, 31 March 2019 ₹ 64,819)	-	0.01
Interest accrued on fixed deposits with banks	0.19	0.11
	9.09	**2.65**

12. Defered tax assets (net)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Others	25.40	31.81
	25.40	**31.81**

13. Non current tax assets (net)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Income tax paid (net provision ₹ 139.36 (31 March 2019 ₹ 120.71))	13.83	13.48
	13.83	**13.48**

14. Other non-current assets

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good unless otherwise stated		
Capital advances	4.49	5.72
Vat receivable	0.85	0.91
Octroi refund receivable	0.52	0.52
	5.86	**7.15**

15. Inventories

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials	175.03	150.70
Packing materials	48.45	42.88
Work-in-progress	40.60	35.82
Finished goods (including in transit ₹ 44.12 Crore, 31 March 2019 ₹ 46.35 Crore)	146.55	148.59
Stock-in-trade (including in transit ₹ 1.95 Crore, 31 March 2019 ₹ 1.45 Crore)	85.05	57.72
	495.68	**435.71**

Notes to the Consolidated Financial Statements

as on 31 March 2020

16. Current investments Inventories

₹ in Crore

Particulars	Face Value ₹	No. of Units *	As at 31 March 2020	As at 31 March 2019
Investment at fair value through statement of Profit & Loss				
Investment in mutual funds (unquoted)				
Zero Coupon Bond Aditya Birla Finance Ltd.	1,000,000	250 (250)	31.14	27.77
Zero Coupon Bond Aditya Birla Housing Finance Ltd.	10	200 (-)	20.66	-
			51.80	**27.77**
Investment in mutual funds (quoted)				
ABSL Arbitrage Fund Direct Plan - Dividend	10	7,332,373 (-)	15.34	-
Franklin India Low Duration Fund - Growth	10	- (103,140)	-	0.22
DSP BlackRock India Enhanced SatCore Fund C B-2.18	10	- (2,500,000)	-	26.27
ICICI Prudential Liquid Fund Direct Plan Daily Div	10	- (1,046,073)	-	10.48
			15.34	**36.97**
			67.14	**64.74**
Aggregate value of quoted investments and market value			15.34	36.97
Aggregate value of unquoted investments (net of impairment)			51.80	27.77
Aggregate amount of impairment in value of investments			-	-

* Figures in Brackets are for Previous Year

17. Loans

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Advances to employees	7.66	9.97
Loan to employees	1.35	1.69
	9.01	**11.66**

18. Trade Receivables

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
(Unsecured, considered good unless otherwise stated)		
-Trade receivable considered good	776.99	460.20
-Trade receivable credit impaired	10.91	4.28
Less: Loss allowance		
-Trade receivable considered good	(1.69)	(0.72)
-Trade receivable credit impaired	(10.91)	(4.28)
	(12.60)	**(5.00)**
Total Receivables	**775.30**	**459.48**

Notes to the Consolidated Financial Statements
as on 31 March 2020

18. Trade Receivables (Contd..)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Break-up of Security Details		
(i) Trade receivables considered good- Secured	-	-
(ii) Trade receivables considered good- Unsecured	775.30	459.48
(iii) Trade receivables which have significant increase in Credit Risk	-	-
(iv) Trade receivables - credit impaired	12.60	5.00
Total	**787.90**	**464.48**
Loss allowance	(12.60)	(5.00)
Total Trade Receivables	**775.30**	**459.48**

(There are no other trade receivables which have signinficant increase in credit risk, Refer note 52 for information about credit risk and market risk of trade receivables).

The loss allowance on trade receivable has been computed on the basis of IND AS 109 Financial Instruments which requires such allowance to be made even for trade receivable considered good on the basis that credit risk exist even though it may be very low. The company exposure to credit and currency risk and loss allowance related to trade receivable are disclosed in note 52

19. Cash and cash equivalents

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Bank balances		
- In current accounts	147.36	76.37
- In EEFC Accounts	54.96	18.74
Cash on Hand	0.03	0.05
	202.35	**95.16**

20. Bank balances other than cash and cash equivalent

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Earmarked balances with banks		
-Unpaid dividend	0.77	0.76
In Deposit Accounts (original maturity of more than 3 months but expected to mature within 12 months from the Balance Sheet date)		
-Under lien	2.13	4.59
-Others (31 March 2020 ₹ 55,194, 31 March 2019 ₹ 10,000)	0.00	0.00
	2.90	**5.35**

21. Other current financial assets

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Interest receivable	0.35	0.32
Insurance receivable	2.73	-
Mark to market derivative asset	-	6.70
	3.08	**7.02**

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22. Other current assets

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Advances other than capital advances		
Advances to vendors		
-considered good	20.01	10.94
-credit impaired	-	-
	20.01	**10.94**
Less: provision for credit impaired	-	-
	20.01	**10.94**
Prepaid expenses	22.36	11.70
Other advances recoverable	0.30	0.14
Balance with Statutory/Govt. Authorities		
GST receivable	14.28	47.96
Export benefits receivable	29.30	29.95
	86.25	**100.69**

23. Equity share capital

₹ in Crore

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	₹ in Crore	Number of Shares	₹ in Crore
Authorised				
Equity shares of ₹ 2 each	150,000,000	30.00	150,000,000	30.00
Issued, subscribed and paid-up :				
Issued, subscribed and fully paid up Equity shares of ₹ 2 each	87,261,270	17.45	87,253,770	17.45
Add: Share Forfeited (on account of Buyback)	766,500	0.09	766,500	0.09
Total	**88,027,770**	**17.54**	**88,020,270**	**17.54**

23.1. Movements in equity share capital

₹ in Crore

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	₹ in Crore	Number of Shares	₹ in Crore
Equity shares outstanding as at the beginning of the year	87,253,770	17.45	88,014,500	17.60
Add: Equity shares allotted during the year against option's excercised under Employee Stock Option Plan / Scheme (ESOP)	7,500	0.00*	8,500	0.00#
Less: Equity shares extinguished on buy back		-	(769,230)	(0.15)
Equity shares outstanding as at the end of the year	87,261,270	17.45	87,253,770	17.45

* ₹ 15,000 # ₹ 17,000

Notes to the Consolidated Financial Statements

as on 31 March 2020

23.2. Rights attached to Equity shares

The company has only one class of Equity shares with voting rights having a par value of ₹ 2 per share. The company declares & pays dividend in Indian Rupees. Any interim dividend paid is recognised on the approval by Board of Directors.

Following dividend was declared and paid by the Company during the year ended:

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Interim and final equity dividend were declared and paid for financial year 2018-19 at ₹ 9 per equity share	-	79.22
Interim and final equity dividend were declared and paid for financial year 2019-20 at ₹ 13 per equity share	113.44	-
Dividend distribution tax on the equity dividend paid above	2.50	0.37
Total	**115.94**	**79.59**

In the event of liquidation of the company, the holders of Equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the numbers of Equity shares held by shareholders.

Dividends and tax thereon have not been recognised as liabilities in the year to which they pertains to and is recorded in the year in whcih they have been approved in the Annual General Meeting.

23.3. Details of shareholders holding more than 5% Equity shares

₹ in Crore

Name of Shareholders	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	% holding	Number of Shares	% holding
Yogesh M Agrawal, Trustee Yogesh Agrawal Trust	12,639,934	14.49	12,639,934	14.49
Rajesh M Agrawal, Trustee Rajesh Agrawal Trust	12,639,933	14.49	12,639,933	14.49
Ravi Purushottam Agrawal, Trustee Ravi Agrawal Trust	12,545,180	14.38	12,545,180	14.38
Aayush Madhusudan Agrawal, Trustee Aayush Agrawal Trust	12,540,389	14.37	12,540,389	14.37
Gabs Investments Private Limited	8,392,262	9.62	8,392,262	9.62

23.4. Equity shares reserved for issuance under Employees Stock Options Scheme 2011 of the Company

₹ in Crore

Particulars	As at 31 March 2020 Number of Shares	As at 31 March 2019 Number of Shares
Equity shares	1,133,250	1,140,750

23.5. Aggregate number of Equity shares issued during last five years pursuant to Employees Stock Options Scheme 2011

₹ in Crore

Particulars	As at 31 March 2020 Number of Shares	As at 31 March 2019 Number of Shares
Equity shares	192,000	184,500

Notes to the Consolidated Financial Statements
as on 31 March 2020

23.6. Equity shares allotted as fully paid up bonus Shares for the period of five years immediately preceding the balance sheet date

₹ in Crore

Particulars	As at 31 March 2020 Number of Shares	As at 31 March 2019 Number of Shares
Bonus Shares issued in FY 2013-14	29,292,250	29,292,250
Bonus Shares on allotment of ESOP in FY 2014-15	22,250	22,250
Bonus Shares on allotment of ESOP in FY 2015-16	19,250	19,250
Bonus Shares on allotment of ESOP in FY 2016-17	1,250	1,250

23.7. The Board of Directors of the Company, at its meeting held on 30th January 2019 had approved a proposal to buyback upto 7,69,230 equity shares of the Company for an aggregate amount not exceeding ₹ 100 crore being 0.87% of the total paid up equity share capital at ₹ 1,300 per equity share. A Letter of Offer was made to all eligible shareholders. The Company bought back 769,230 equity shares out of the shares that were tendered by eligible shareholders and extinguished the equity shares bought back on 26th March 2019. The Company has utilised its Securities Premium (₹ 78.62 crore) and General Reserve (₹ 21.23 crore) for the buyback of its equity shares. Total transaction cost of ₹ 0.99 crore incurred towards buyback was offset from retained earnings. In accordance with Section 69 of the Companies Act 2013, the Company has created Capital Redemption Reserve of ₹ 0.15 crore equal to the nominal value of the shares bought back as an appropriation from the General Reserve.

24. Other equity

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Capital redemption reserve		
Balance at the beginning of the year	2.25	2.10
Add : amount transferred upon buyback of shares (Refer Note 23.3)	-	0.15
Balance as at the year end	**2.25**	**2.25**
Securities premium account		
Balance at the beginning of the year	-	77.42
Add : addition during the year	1.06	1.20
Less: utilisation for buyback of shares (refer note 23.3)	-	(78.62)
Balance as at the year end	**1.06**	**-**
Exchange fluctuation reserve		
Balance at the beginning of the year	6.21	8.16
Add : Addition during the year	8.11	(1.95)
Balance as at the year end	**14.32**	**6.21**
General reserve		
Balance at the beginning and at the end of the year	951.18	972.55
Less: transferred to capital redemption reserve (refer note 23.3)	-	(0.14)
Less: utilised for buyback of shares (refer note 23.3)	-	(21.23)
Balance as at the year end	**951.18**	**951.18**
Employee stock option outstanding		
Balance at the beginning of the year	1.10	1.63
Add : share based payment expenses	0.42	0.67
Less : exercised during the year	1.05	1.20
Balance as at the year end	**0.47**	**1.10**
Other items of other comprehensive income (Re-measurement gains (losses) on defined benefit plans)		
Balance at the beginning of the year	(2.58)	(1.30)
Add : amount transferred	(2.55)	(1.28)
Balance as at the year end	**(5.13)**	**(2.58)**

Notes to the Consolidated Financial Statements
as on 31 March 2020

24. Other equity (Contd..)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Retained earnings		
Balance at the beginning of the year	1,269.51	963.12
Less: Transition impact of Ind AS 116 (refer note 54)	4.09	-
Restated balance as 1 April 2019	1,265.42	963.12
Profit for the year	467.70	386.97
Less: Appropriations		
- Interim Dividend on Equity shares	113.44	79.22
- Corporate Tax on Interim Dividend	2.50	0.37
- Expense relating to buyback of Equity shares	-	0.99
Balance at the year end	**1,617.18**	**1,269.51**
Total Other equity	**2,581.33**	**2,227.67**

25. Non-current borrowings

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Vehicle loans (secured)		
From banks (foreign currency)	0.74	0.66
	0.74	**0.66**

25.1. Vehicle loans are secured against vehicles acquired under the scheme & are repayble in equal monthly instalment upto 31 December 2023 & rate of interest is 5.17% to 10% p.a.

26. Lease liabilities

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Lease liabilities (refer note 54)	11.97	-
	11.97	**-**

27. Other financial liabilities (non current)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Security Deposits payable	0.46	0.33
	0.46	**0.33**

28. Other non-current liabilities

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred Government Grant	3.67	-
	3.67	**-**

29. Provisions (non-current)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits (Net)		
Gratuity (Refer Note 50.2)	2.63	0.94
Compensated absences (Refer Note 50.3)	13.02	12.50
	15.65	**13.44**

Notes to the Consolidated Financial Statements
as on 31 March 2020

30. Deferred tax liabilities (net)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Tax effect of items constituting - Deferred tax liabilities		
Difference in tax base of property, plant and equipment (A)	89.89	87.18
Unrealised gain/loss on securities carried at FVOCI/FVTPL (B)	1.43	2.79
Tax effect of items constituting - Deferred tax assets		
MAT credit entitlement (C)	-	20.18
Disallowance under income tax (D)	10.16	10.89
Deferred tax liabilities (net) (A+B)-(C+D)	**81.16**	**58.90**

31. Borrowings (current)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Working Capital Loans repayable on demand from banks (Secured)		
Foreign Currency Loan	42.85	33.34
	42.85	**33.34**

31.1. Working capital loans are secured by first charge on inventory and trade receivables of the company. It is additionally secured by corporate guarantee of Ajanta Pharma Ltd., India (Parent Company).

32. Trade payables

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises	8.99	9.39
Total outstanding dues of creditors other than micro enterprises and small enterprises	353.35	215.79
	362.34	**225.18**

(Refer Note 62 for disclosure relating to Micro & Small Enterprises)

33. Other financial liabilities (current)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Current Maturities of long-term borrowing		
Vehicle loans (secured) (Refer note 25)	2.09	1.96
Unpaid dividend*	0.77	0.75
Unpaid sale proceeds of fractional shares*	-	0.01
Capital creditors	41.76	53.97
Book overdraft	3.66	18.29
Employee benefits payable	11.75	10.35
Mark to market derivative liability	14.49	-
Sales Returns for expired goods (Refer note 58)	67.61	17.30
Other payables	0.11	-
	142.24	**102.63**

*There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31 March 2020.

Notes to the Consolidated Financial Statements
as on 31 March 2020

34. Lease liabilities

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Lease liabilities (Refer note 54)	17.31	-
	17.31	**-**

35. Other current liabilities

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Advances from customers	15.29	4.36
Statutory dues payable	4.95	4.46
Deferred government grant	0.33	-
	20.57	**8.82**

36. Provisions (current)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits (net)		
Gratuity (Refer Note 50.2)	5.77	4.65
Compensated absences (Refer Note 50.3)	3.39	3.02
	9.16	**7.67**

37. Current tax liabilities (net)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for tax (net of advance tax ₹ 139.36 Cr. (31 March 2019 ₹ 120.71 Cr.))	11.70	-
	11.70	**-**

38. Revenue from operations

₹ in Crore

Particulars	31 March 2020	31 March 2019
Sale of products (Refer note 65)		
Finished goods	1,910.67	1,521.02
Stock-in-trade	647.85	493.09
Other operating revenues		
Export incentives	26.07	38.92
Others	3.28	2.34
	2,587.87	**2,055.37**

Notes to the Consolidated Financial Statements

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39. Other income

₹ in Crore

Particulars	31 March 2020	31 March 2019
Income on financial assets carried at FVTPL		
Dividend from investments in mutual funds	3.35	4.06
Gain on fair value of current investment	6.38	12.45
Income on financial assets carried at amortised cost		
Interest on deposits with banks	0.51	0.45
Interest from others	0.55	2.81
Exchange difference (net)	74.53	0.16
Miscellaneous income	6.87	1.15
	92.19	**21.08**

40. Cost of material consumed

₹ in Crore

Particulars	31 March 2020	31 March 2019
Raw material consumed	442.37	304.08
Packing material consumed	117.96	87.76
	560.33	**391.84**

41. Purchase of stock-in-trade

₹ in Crore

Particulars	31 March 2020	31 March 2019
Purchase of stock-in-trade	112.13	48.25

42. Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Crore

Particulars	31 March 2020	31 March 2019
Inventories at the beginning of the year :		
Work-in-progress	35.81	11.32
Finished goods	148.59	122.00
Stock-in-trade	57.71	45.55
	242.11	**178.87**
Inventories at the end of the year :		
Work-in-progress	40.59	35.81
Finished goods	146.56	148.59
Stock-in-trade	85.05	57.71
	272.20	**242.11**
Effect of foreign exchange translation	**13.34**	**6.63**
Total changes in inventories of finished goods, work-in-progress and stock-in-trade :	**(16.75)**	**(56.61)**

Notes to the Consolidated Financial Statements
as on 31 March 2020

43. Employee benefit expenses

₹ in Crore

Particulars	31 March 2020	31 March 2019
Salaries, wages and bonus	446.73	397.32
Share based payment expense (Refer note 51)	0.42	0.67
Contribution to provident and other funds	26.20	21.91
Gratuity expenses	4.88	3.90
Staff welfare expenses	7.36	6.91
	485.59	**430.71**

44. Finance cost

₹ in Crore

Particulars	31 March 2020	31 March 2019
Interest expenses	11.91	1.16
	11.91	**1.16**

45. Depreciation and amortisation expense

₹ in Crore

Particulars	31 March 2020	31 March 2019
Depreciation on property, plant and equipment (Refer note 8)	79.05	68.56
Amortisation on intangible assets (Refer note 8)	3.24	3.03
Amortisation on right-of-use assets (Refer note 8)	12.93	-
Amortisation on investment property (Refer note 8)	0.49	0.49
	95.72	**72.08**

46. Other expenses

₹ in Crore

Particulars	31 March 2020	31 March 2019
Selling expenses	303.01	239.59
Clearing and forwarding	109.29	80.06
Travelling expenses	55.83	43.04
Processing charges	18.40	18.36
Power and fuel	38.88	32.65
Advertisement and publicity	1.40	1.34
Consumption of stores & spare parts	34.52	40.02
Product registration expenses	38.30	25.37
Rent (Refer note 54)	2.02	17.57
Rates and taxes	1.28	0.61
Legal and professional fees	13.87	11.02
Postage and telephone expenses	6.65	2.67
Repairs & maintenance		
Buildings	3.11	2.47
Plant and machinery	23.87	23.14
Computers & others	6.95	3.03
Insurance	7.79	7.15
Donation	0.15	0.01
Impairment loss on financial assets	8.26	8.48
Loss on financial instrument at FVTPL	14.49	-
Loss on sale/discard of property, plant and equipment (net)	0.10	0.23
Clinical and anaytical charges	29.46	38.40
Director sitting fees	0.21	0.24
Corporate social responsibility expenses (Refer note 57)	15.07	11.69
Commission to directors	4.08	3.83
Miscellaneous expenses	26.25	63.78
	763.24	**674.75**

Notes to the Consolidated Financial Statements
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47. Capital management

Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return (EBIT) on capital, as well as the level of dividends to equity shareholders. Group's target is to achieve a return on capital above 30%; in 2019-20 the return was 26% and in 2018-19 the return was 23%.

Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as debt less cash and cash equivalents and current investments. Adjusted equity comprises all components of equity.

Group's policy is to keep the Net Debt Equity ratio below 1.00 and its adjusted net debt to equity ratio at 31 March 2020 was as follows.

₹ in Crore

Particulars		31 March 2020	31 March 2019
Borrowings		45.68	35.96
Less: Cash and Cash Equivalents and current investments		(269.49)	(159.90)
Adjusted net debt	A	(223.81)	(123.94)
Equity	B	2,598.87	2,245.21
Adjusted net debt to equity ratio	A/B	(0.09)	(0.06)

48. Basic and diluted earnings per share is calculated as under:

The numerator and denominator used to calculate Basic and diluted earnings per share:

₹ in Crore

Particulars		31 March 2020	31 March 2019
Basic and Diluted Earnings Per Share:			
Profit after non-controlling interest attributable to Equity shareholders- for Basic EPS (₹ in Crore)	A	467.70	386.97
Add: Dilutive effect on profit (₹ in Crore)*	B	Nil	Nil
Profit attributable to Equity shareholders for computing Diluted EPS (₹ in Crore)	C=A-B	467.70	386.97
Weighted Average Number of Equity Shares outstanding - for Basic EPS	D	8,72,58,770	8,80,01,113
Add: Dilutive effect of option outstanding- Number of Equity Shares *	E	6,488	13,453
Weighted Average Number of Equity Shares for Diluted EPS	F=D+E	8,72,65,258	8,80,14,566
Face Value per Equity Share (₹)		2	2
Basic Earnings Per Share (₹)	A/D	53.60	43.97
Diluted Earnings Per Shares (₹)	C/F	53.60	43.96

* On account of Employee Stock Option Scheme (ESOS) - (Refer note 51).

49. Consolidated Financial Statements present the consolidated accounts of the Holding Company and following subsidiary companies.

49.1. Details of subsidiaries of the Group are as under:

₹ in Crore

Name of the Company	Country of Incorporation	% voting power held as at 31 March 2020
Ajanta Pharma (Mauritius) Ltd. ("APML")	Mauritius	100%
Ajanta Pharma (Mauritius) Intl. Ltd.("APMIL") (Wholly owned Subsidiary of APML)	Mauritius	100%
Ajanta Pharma USA Inc. ("APUI")	U.S.A.	100%
Ajanta Pharma Philippines Inc. ("APPI")	Philippines	100%
Ajanta Pharma Nigeria Ltd. ("APNL")	Nigeria	100%

Notes to the Consolidated Financial Statements
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49.2. The financial statements of the subsidiaries used for consolidation are for the period from 1 April 2019 to 31 March 2020.

50. Employee Benefits in respect of the holding company

As required by Ind AS 19 'Employee Benefits' the disclosures are as under:

50.1. Defined contribution plans

The Company offers its employees defined contribution plans in the form of Provident Fund (PF) and Employees' Pension Scheme (EPS) with the government, and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees and the ESI covers certain employees. Contributions are made to the Government's administered funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into the Pension fund is made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. During the year, the Company has made the following contributions:

₹ in Crore

Particulars	31 March 2020	31 March 2019
Provident Fund and Employee's Pension Scheme	23.29	18.43
Employees State Insurance and others	2.91	3.48
Total	**26.20**	**21.91**

50.2. Defined benefit plans:

Gratuity: The Company makes annual contributions to Employees' Group Gratuity-cum Life Assurance (Cash Accumulation) Scheme of LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

50.2.1. On normal retirement / early retirement / withdrawal / resignation:

As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service with a maximum limit of ₹ 0.20 Crore.

50.2.2. On the death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at the Balance Sheet date:

₹ in Crore

Particulars	31 March 2020	31 March 2019
i) Changes in Defined Benefit Obligation		
Opening defined benefit obligation	28.52	23.45
Current service cost	4.64	3.47
Interest cost	1.83	1.48
Actuarial loss / (gain)		
- Changes in financial assumptions	1.46	0.31
- Changes in demographic assumptions	*	Nil
- Experience adjustments	2.40	1.78
Past service cost	Nil	Nil
Benefit (paid)	(2.28)	(1.97)
Closing defined benefit obligation	**36.57**	**28.52**

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50.2.2. On the death in service: (Contd..)

₹ in Crore

Particulars	31 March 2020	31 March 2019
ii) Changes in value of Plan Assets		
Opening value of plan assets	22.93	15.90
Interest Income	1.59	1.05
Return on plan assets excluding amount included in Interest Income	(0.05)	0.12
Contributions by employer	5.98	7.83
Benefits (paid)	(2.28)	(1.97)
Closing value of plan assets	**28.17**	**22.93**
iii) Amount recognised in the Balance Sheet		
Present value of funded obligations as at year end	36.57	28.52
Fair value of the plan assets as at year end	(28.17)	(22.93)
Net liability recognised as at the year end	**8.40**	**5.59**
iv) Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	4.64	3.47
Net Interest cost	0.24	0.43
Net expenses recognised in the Statement of Profit and Loss	4.88	3.90
Expenses recognised in the Statement of Other comprehensive income		
Net actuarial loss/(gain) recognized in the current year		
- Changes in financial assumptions	1.46	0.31
- Changes in demographic assumptions	*	Nil
- Experience adjustments	2.40	1.78
Return on plan assets excluding amounts included in interest income	0.05	(0.12)
Net Expenses recognised in the Statement of Other comprehensive income	**3.91**	**1.97**
v) Asset information		
Insurer Managed Funds (100%)	100%	100%
(Fund is Managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available)		
vi) Principal actuarial assumptions used		
Discount rate (p.a.)	6.45%	7.15%
Salary growth rate (p.a.)	9.00% for next 1 year and 7.00% thereafter	9.00% for next 2 years and 7.00% thereafter
Average Remaining Service (years)	6.07	5.70
Withdrawal Rate (%):		
Age Band		
25 and below	40	40
26 to 35	24	24
36 to 45	12	12
46 and above	8	8
vii) Estimate of amount of contribution in immediate next year	5.77	4.65

* (31 March 2020: ₹ (32,538), 31 March 2019 : Nil)

Notes to the Consolidated Financial Statements
as on 31 March 2020

50.2.2. On the death in service: (Contd..)

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

₹ in Crore

Particulars	As at 31 March 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	35.51	37.70	27.76	29.32
Salary growth rate (0.5% movement)	37.53	35.63	29.23	27.83

Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of sensitivity of assumptions. The estimate of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

50.3. Leave Encashment:

The Holding Company's employees are entitled for compensated absences which are allowed to be accumulated and encashed as per the Company's rule. The liability of compensated absences, which is non-funded, has been provided based on report of independent actuary using "Projected Unit Credit Method".

Accordingly, ₹ 16.41 Crore (31 March 2019 ₹ 15.52 Crore) being liability as at the year-end for compensated absences as per actuarial valuation has been provided in the accounts.

Employee retirement and other benefit obligations in respect of the subsidiary at Mauritius:

For employees who are not covered by a pension plan, the net present value of severance allowances payable is provided for aggregating ₹ 0.55 Crore (31 March 2019 ₹ 0.52 Crore).

Employee retirement and other benefit obligations in respect of the subsidiary at Philippines:

Short term benefits include salaries and wages and other government contributions which are due within 12 months after the end of the period in which employee renders the related service. The Company's short term employee benefits amounted to ₹ 0.12 Crore (31 March 2019 ₹ 0.11 Crore). The Company did not yet set up a retirement plan since it does not have more than ten employees who had served at least five years.

Employee retirement and other benefit obligations in respect of the subsidiary at USA:

Short term benefits include salaries and wages and other government contributions which are due within 12 months after the end of the period in which employee renders the related service. The Company's short term employee benefits amounted to ₹ 2.43 Crore (31 March 2019 ₹ 1.94 Crore).

51. Share based payments

The Holding Company has established "Employees Stock Option Scheme 2011" ('ESOS – 2011') as approved in earlier year by the shareholders of the Company and Compensation committee of Board of Directors for the key employees of the Company. The options issued under the above scheme vest in a phased manner.

During the year 500 option have been granted by the Company under the aforesaid Share based Incentive Plan 2019 to the employees of the Company.

Grant Date	No. of option Granted	No. of Option Cancelled	Exercise Price	Vesting Period
27 September 2019	500	Nil	2	22 August 2021

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51. Share based payments (Contd..)

The options are granted at an exercise price which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2/- each. The particulars of the options under ESOS 2011 and Share based Incentive Plan 2019 are as under:

Particulars	31 March 2020 Nos.	31 March 2019 Nos.
Option outstanding as at the beginning of the year	13,500	17,000
Add: Option granted during the year	500	7,000
Less: Option exercised during the year	7,500	8,500
Less: Option lapsed/cancelled during the year	Nil	2,000
Option outstanding as at the year End	6,500	13,500

Particulars	31 March 2020 Nos.	Range of Exercise Prices (₹)	Weighted Average Exercise Prices (₹)	Weighted Average Contractual life (Years)
Option outstanding as at the beginning of the year	13,500	2.0	2.0	0.90
Add: Option granted during the year	500	2.0	2.0	2.00
Less: Option exercised during the year	7,500	2.0	2.0	NA
Less: Option lapsed/cancelled during the year	Nil	Nil	Nil	Nil
Option outstanding as at the year end	6,500	2.0	2.0	0.70

Particulars	31 March 2019 Nos.	Range of Exercise Prices (₹)	Weighted Average Exercise Prices (₹)	Weighted Average Contractual life (Years)
Option outstanding as at the beginning of the Year	17,000	2.0	2.0	0.90
Add: Option granted during the Year	7,000	2.0	2.0	2.00
Less: Option Exercised during the Year	8,500	2.0	2.0	NA
Less: Option lapsed/cancelled during the Year	2,000	Nil	Nil	Nil
Option outstanding as at the Year End	13,500	2.0	2.0	0.91

Description of the method and significant assumptions used during the year to estimate the fair values of the options, including the following weighted average information:

Variables Plan	Weighted Average Information ESOS 2011 / Share Based Incentive Plan 2019					
	1,000 option	3,000 option	3,000 option	1,500 option	5,000 option	500 option
Grant date	8 May 2015	26 July 2016	26 July 2016	22 August 2017	31 October 2018	27 September 2019
Last date for acceptance	8 June 2015	26 August 2016	26 August 2016	22 September 2017	30 November 2018	22 August 2021
Risk free rate (%)	8.00	7.30	7.30	7.50	7.40	5.20
Expected Life (years)	1 to 3	3 to 4	1 to 3	1 to 4	2	2
Volatility (%)	31.70	20.23	20.23	17.20	13.43	13.74
Dividend yield (%)	1.50	0.53	0.53	0.43	0.50	0.55
Price of the underlying share in the market at the time of option grant (₹)	1,264	1,478	1,703	1,153	1,058	1,055
Fair value of options (₹)	1,189	1,453	1,453	1,142	1,043	1,041
Exercise price (₹)	2	2	2	2	2	2

Notes to the Consolidated Financial Statements
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51. Share based payments (Contd..)

The particulars of the options under ESOS 2011 and Share based Incentive Plan 2019 granted to Employees of Subsidiary are as below:

Variables Plan	Weighted Average Information ESOS 2011 / Share Based Incentive Plan 2019				
	3,000 option	3,000 option	1,500 option	4,000 option	500 option
Grant date	26-Jul-16	26-Jul-16	22-Aug-17	31-Oct-18	27-Sep-19
Last date for acceptance	26-Aug-16	26-Aug-16	22-Sep-17	30-Nov-18	22-Aug-21
Risk free rate (%)	7.3	7.3	7.5	7.4	5.2
Expected Life (years)	3 to 4	1 to 3	1 to 4	2	2
Volatility (%)	20.23	20.23	17.2	13.43	13.74
Dividend yield (%)	0.53	0.53	0.43	0.5	0.55
Price of the underlying share in the market at the time of option grant	₹ 1,478	₹ 1,702	₹ 1,153	₹ 1,058	₹ 1,055
Fair value of options	₹ 1,453	₹ 1,453	₹ 1,142	₹ 1,043	₹ 1,041
Exercise price	₹ 2	₹ 2	₹ 2	₹ 2	₹ 2

Valuation of stock options

The fair value of stock options granted during the period has been measured using the Black–Scholes option pricing model at the date of the grant. The Black-Scholes option pricing model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. They key inputs and assumptions used are as follows:

Share price: The closing price on NSE as on the date of grant has been considered for valuing the options granted.

Exercise Price: Exercise Price is the market price or face value or such other price as determined by the Remuneration and Compensation Committee.

Expected Volatility: The historical volatility of the stock till the date of grant has been considered to calculate the fair value of the options.

Expected Option Life: Expected Life of option is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised.

Expected dividends: Expected dividend yield has been calculated as an average of dividend yields for four years preceding the date of the grant.

Risk free interest rate: The risk free interest rate on the date of grant considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero coupon yield curve for Government Securities.

These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in future periods, stock based compensation expense could be materially impacted in future years. The estimated fair value of stock options is charged to income on a straight-line basis over the requisite service period of each separately vesting portion of the award as if the award was, in-substance, multiple awards.

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52. Financial Instrument – fair values and risk management

A. Fair value measurements

₹ in Crore

Financial instruments by category	31 March 2020		31 March 2019	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Mark to market derivative asset	Nil	Nil	6.70	Nil
Investments in mutual funds	79.42	Nil	77.74	Nil
Investment in unquoted equity shares (Current Year ₹ 37,050, 31 March 2019 ₹ 37,050)	-	-	-	-
Trade receivables	Nil	775.30	Nil	459.48
Non-current loans	Nil	6.52	Nil	8.45
Other non-current financial assets	Nil	9.09	Nil	2.66
Cash and cash equivalents	Nil	202.35	Nil	95.16
Bank balances other than cash and cash equivalents	Nil	2.90	Nil	5.35
Current loans	Nil	9.01	Nil	11.66
Export benefits receivable	Nil	29.30	Nil	29.95
Insurance receivable	Nil	2.73	Nil	Nil
Interest receivable	Nil	0.35	Nil	0.31
Total Financial assets	**79.42**	**1,037.55**	**84.44**	**613.02**
Financial Liabilities				
Borrowings and book overdraft	Nil	49.34	Nil	54.26
Other non-current financial liabilities	Nil	0.46	Nil	0.33
Non-current lease liabilities	Nil	11.97	Nil	Nil
Capital creditors	Nil	41.76	Nil	53.97
Other current financial liabilities	Nil	68.49	Nil	18.06
Employee benefits payable	Nil	11.75	Nil	10.35
Current lease liabilities	Nil	17.31	Nil	Nil
Mark to market derivative liability	14.49	Nil	Nil	Nil
Trade payables	Nil	362.34	Nil	225.18
Total Financial liabilities	**14.49**	**563.42**	**Nil**	**362.15**

Fair value measurement of lease liabilities is not required.

Fair value hierarchy

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.

₹ in Crore

Financial assets and liabilities measured at fair value	31 March 2020			31 March 2019		
	Level			Level		
	I	II	III	I	II	III
Financial assets						
Recurring fair value measurement						
Mark to market derivative asset	Nil	Nil	Nil	Nil	6.70	Nil
Investments in mutual funds	15.34	64.08	Nil	36.97	40.77	Nil
Total Financial assets	**15.34**	**64.08**	**Nil**	**36.97**	**47.47**	**Nil**

Notes to the Consolidated Financial Statements
as on 31 March 2020

52. Financial Instrument – fair values and risk management (Contd..)

₹ in Crore

Financial assets and liabilities measured at fair value	31 March 2020			31 March 2019		
	Level			Level		
	I	II	III	I	II	III
Financial liabilities						
Mark to market derivative liability	Nil	14.49	Nil	Nil	Nil	Nil
Total Financial liabilities	**Nil**	**14.49**	**Nil**	**Nil**	**Nil**	**Nil**

Level 1 – Level 1 Hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have declared buyback NAV. The mutual funds are valued using the closing NAV.

Level 2 – The fair value of financial instruments that are not traded in an active market (like Mark to Market Derivative) 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 as 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.

Measurement of fair values

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used:

Type	Valuation Technique	Significant unobservable Inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative instruments	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable

B. Financial risk management

Group has exposure to following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk

Risk management framework

Group's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies, under the guidance of Audit Committee.

Group's risk management policies are established to identify and analyse the risks faced by it, 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 Group's activities. Group, through its training and procedures aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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52. Financial Instrument – fair values and risk management (Contd..)

Group's Audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit committee.

i. Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and mutual funds, foreign exchange transactions and other financial instruments.

Impairment:

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

Particulars	31 March 2020		
	Carrying amount	Weighted average loss rate	Loss allowance
Not due	508.05	0.00%	Nil
Past due upto 180 days	266.35	0.69%	1.84
Past due 181-365 days	1.98	12.46%	0.25
Past dues 366 - 730 days	1.35	25.22%	0.34
Past dues 731 - 1096 days	1.64	100.00%	1.64
More than 1096 days	8.53	100.00%	8.53
	787.90		**12.60**

Particulars	31 March 2019		
	Carrying amount	Weighted average loss rate	Loss allowance
Not due	325.44	0.00%	Nil
Past due upto 180 days	116.57	0.00%	Nil
Past due 181-365 days	8.59	5.49%	0.47
Past dues 366 - 730 days	10.98	14.90%	1.64
Past dues 731 - 1096 days	Nil	0.00%	Nil
More than 1096 days	2.89	100.00%	2.89
	464.47		**5.00**

a) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables, which are non-interest bearing, are mainly from stockists, distributors and customers and are generally on 14 days to 270 days credit term. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

As at 31 March 2020, Group had 72 customers (31 March 2019 : 56 customers) that owed the company more than ₹ 0.50 crores each and accounted for approximately 98% and 88% of the total outstanding as at 31 March 2020 and 31 March 2019 of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for

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52. Financial Instrument – fair values and risk management (Contd..)

impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

Sales to certain jurisdictions are either based on advance payments or restricted to certain limits to contain exposures to credit risk.

Expected credit loss assessment

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macroeconomic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue.

₹ in Crore

Particulars	31 March 2020	31 March 2019
Gross Carrying amount	787.90	464.48
Average Expected loss rate	1.60%	1.08%
Carrying amount of trade receivables (net of impairment)	775.30	459.48

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

₹ in Crore

Particulars	31 March 2020	31 March 2019
Balance as at the beginning of the year	5.00	5.80
Impairment loss recognised (net)	8.26	5.00
Amounts written off	0.66	5.80
Balance as at the year end	12.60	5.00

The impairment loss at 31 March 2020 related to several customers that have defaulted on their payments to the Group and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

b) Financial instruments

Group limits its exposure to credit risk by investing in liquid securities issued by mutual funds having a credit ranking of at least 3 and above from CRISIL or equivalent rating agency. Group monitors changes in credit risk by tracking published external credit ranking. Based on its on-going assessment of counterparty risk, the Group adjusts its exposure to various counterparties.

ii. Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from banks at an optimised cost. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels.

Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next six months. The ratio of cash and cash equivalents and other highly marketable debt investments to outflows is 0.47 at 31 March 2020 (31 March 2019: 0.42).

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52. Financial Instrument – fair values and risk management (Contd..)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

₹ in Crore

As at 31 March 2020	Carrying Amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Trade payables current	362.34	362.34	362.34	Nil	Nil	Nil
Other financial liabilities	127.75	127.75	127.75	Nil	Nil	Nil
Lease liabilities	29.28	29.28	17.31	11.97	Nil	Nil
Borrowings	43.59	43.59	42.85	0.74	Nil	Nil
Mark to market derivative liability - outflow	14.49	14.49	14.49	Nil	Nil	Nil
Total	**577.45**	**577.45**	**564.74**	**12.71**	**Nil**	**Nil**

₹ in Crore

As at 31.03.2019	Carrying Amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Trade payables current	225.18	225.18	225.18	Nil	Nil	Nil
Other financial liabilities	102.63	102.63	102.63	Nil	Nil	Nil
Lease liabilities	Nil	Nil	Nil	Nil	Nil	Nil
Borrowings	34.00	34.00	33.34	0.66	Nil	Nil
Mark to market derivative liability- outflow	Nil	Nil	Nil	Nil	Nil	Nil
Total	**361.81**	**362.81**	**361.15**	**0.66**	**Nil**	**Nil**

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group uses derivative financial instruments such as foreign exchange contracts to manage its exposures to foreign exchange fluctuations. All such transactions are carried out within the guidelines set by the risk management committee.

iv. Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the Group. The currencies in which these transactions are primarily denominated are US Dollars, Euro, Mauritian Rupee, Philippine Peso and Nigerian Naira.

At any point in time, the Group covers foreign currency risk by taking appropriate percentage of its foreign currency exposure, as approved by risk management committee in line with the laid down policy approved by the Board. The Group uses forward exchange contracts to mitigate its currency risk, most with a maturity of less than one year from the reporting date. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

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52. Financial Instrument – fair values and risk management (Contd..)

The following table analyses foreign currency risk as of 31 March 2020:

₹ in Crore

Particulars	US Dollars	Euro	Mauritian Rupee	Philippine Peso	Nigerian Niara	Total
Bank balances	99.21	0.07	29.08	43.94	0.06	172.36
Trade receivables	621.85	0.33	32.91	66.12	Nil	721.21
Payables	(45.53)	(1.22)	(11.32)	(11.84)	(0.20)	(70.11)
Borrowings	(42.85)	Nil	Nil	(2.84)	Nil	(45.69)
Net assets / (liabilities)	**632.68**	**(0.82)**	**50.67**	**95.38**	**(0.14)**	**777.77**

The following table analyses foreign currency risk as of 31 March 2019:

₹ in Crore

Particulars	US Dollars	Euro	Mauritian Rupee	Philippine Peso	Nigerian Niara	Total
Bank balances	34.08	0.83	41.21	7.14	0.88	84.14
Trade receivables	323.09	0.46	35.43	49.05	3.50	411.53
Payables	(29.76)	(7.25)	(9.39)	(8.49)	Nil	(54.89)
Borrowings	(33.34)	Nil	Nil	(2.63)	Nil	(35.97)
Net assets / (liabilities)	**294.07**	**(5.96)**	**67.25**	**45.07**	**4.38**	**404.81**

For the year ended 31 March 2020 every percentage point depreciation / appreciation in the exchange rate for the closing balances between the Indian Rupee and respective currencies would affect the Group's incremental profit before tax as per below:

₹ in Crore

Particulars	Change in currency exchange rate	Effect on profit before tax
US Dollars (USD)	+1% / (-1%)	6.33 / (6.33)
Euro	+1% / (-1%)	0.01 / (0.01)
Mauritian Rupee (MUR)	+1% / (-1%)	0.51 / (0.51)
Philippine Peso (PHP)	+1% / (-1%)	0.95 / (0.95)
Nigerian Niara (NN)	+1% / (-1%)	0.00 / (0.00)

For the year ended 31 March 2019 every percentage point depreciation / appreciation in the exchange rate between the Indian Rupee and respective currencies has affected the Company's incremental profit before tax as per below:

₹ in Crore

Particulars	Change in currency exchange rate	Effect on profit before tax
US Dollars (USD)	+1% / (-1%)	2.94 / (2.94)
Euro	+1% / (-1%)	0.06 / (0.06)
Mauritian Rupee (MUR)	+1% / (-1%)	0.67 / (0.67)
Philippine Peso (PHP)	+1% / (-1%)	0.45 / (0.45)
Nigerian Niara (NN)	+1% / (-1%)	0.04 / (0.04)

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53. Note on foreign currency exposures on assets and liabilities:

During the year, the Group has entered into forward exchange contract, being derivative instruments to mitigate foreign currency risk, to establish the amount of currency in Indian Rupees required or available at the settlement date of certain payables and receivables. The following are the outstanding foreign currency forward contracts entered into by the Group:

Particulars	31 March 2020 Foreign Currency Amt in Crore	31 March 2019 Foreign Currency Amt in Crore	Buy or Sell	Cross Currency
Euro	Nil	Nil	Sell	INR
USD	5.13	3.29	Sell	INR

The year-end foreign currency exposures that have not been mitigated by a derivative instrument or otherwise are as below:

₹ in Crore

Particulars	₹ in Crore	₹ in Crore	Foreign Currency Amt in Crore	Foreign Currency Amt in Crore	Foreign Currency
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	
Amount Receivable	366.70	403.09	4.85	5.83	USD
	36.48	35.36	0.44	0.46	EURO
Amount Payable	101.78	88.66	1.35	1.28	USD
	32.74	7.25	0.40	0.09	EURO

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt interest obligations. Further, the Group engages in financing activities at market linked rates, any changes in the interest rates environment may impact future rates of borrowing.

The interest rate profile of the Group's interest bearing financial instruments as reported to management is as follows.

₹ in Crore

Particulars	31 March 2020	31 March 2019
Foreign Currency Term Loan	2.84	2.63
Foreign Currency Working Capital Loan	42.85	33.34

A reasonably possible change of 100 basis points in interest rates at the reporting date would have impacted profit before tax as per below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

₹ in Crore

Particulars	31 March 2020	31 March 2019
Increase in interest rate by 100 basis points	(0.44)	(0.35)
Decrease in interest rate by 100 basis points	0.44	0.35

Notes to the Consolidated Financial Statements
as on 31 March 2020

54. Disclosure for operating leases under Ind AS 116 - "Leases":

The Group have taken various premises under operating lease. These are generally cancellable and ranges from 11 months to 5 years and are renewable by mutual consent on mutually agreeable terms. Some of these lease agreements have price escalation clauses. There are no restrictions imposed by these lease arrangements and there are no sub leases. There are no contingent rents.

Transition

Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application.

Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the generally accepted interest rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the generally accepted interest rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right-of-use' asset and a lease liability. The cumulative effect of applying the standard, amounting to ₹2.65 crore was debited to retained earnings. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of 31 March 2019 under Ind AS 17 disclosed in Annual Report and the value of the lease liability as of 1 April 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The interest rate applied to lease liabilities as at 1 April 2019 is 8.50%.

Right-of-use assets

₹ in Crore

Particulars	Buildings	Land	Total
Cost			
As at 1 April 2019	35.20	67.12	102.32
Additions	1.46	-	1.46
Disposals	-	-	-
Balance at 31 March 2020	36.66	67.12	103.78

Notes to the Consolidated Financial Statements
as on 31 March 2020

54. Disclosure for operating leases under Ind AS 116 - "Leases": (Contd..)

₹ in Crore

Particulars	Buildings	Land	Total
Accumulated depreciation and impairment			
As at 1 April 2019			
Depreciation	11.93	1.00	12.93
Impairment loss			
Eliminated on disposals of assets	-	-	-
Balance at 31 March 2020	11.93	1.00	12.93
Carrying amounts			
As at 1 April 2019			103.78
Balance at 31 March 2020			90.85

Breakdown of lease expenses

₹ in Crore

Particulars	31 March 2020
Short-term lease expense	2.01
Low value lease expense	-
Total lease expense	**2.01**

Cash outflow on leases

₹ in Crore

Particulars	31 March 2020
Repayment of lease liabilities	(15.27)
Total cash outflow on leases	**(15.27)**

Maturity analysis

₹ in Crore

Particulars	Less than 1 year	Over 1 years	Weighted average effective interest rate %
31 March 2020			
Lease liabilities	17.31	11.97	8.50
31 March 2019			
Lease liabilities	-	-	-

Undiscounted lease payments to be paid for operating leases

₹ in Crore

Particulars	31 March 2020	31 March 2019
Year 1	1.01	0.70
Year 1-5 years	0.33	1.07
Later than 5 years	-	-
Total	**1.34**	**1.77**

Notes to the Consolidated Financial Statements
as on 31 March 2020

54. Disclosure for operating leases under Ind AS 116 - "Leases": (Contd..)

Impact of changes in accounting policies

The following table provides the extract of impacts of adopting Ind AS 116 on the financial statements

Statement of financial position

31 March 2020	Impact of changes in accounting policies		
	As previously reported	Adjustments	As restated
Right-of-use assets	-	103.78	103.78
Total assets	**-**	**103.78**	**103.78**
Lease liabilities	-	29.29	29.29
Total liabilities	**-**	**29.29**	**29.29**
Retained earnings	-	(4.09)	(4.09)
Total equity	**-**	**(4.09)**	**(4.09)**

Statement of profit or loss and OCI

31 March 2020	Impact of changes in accounting policies		
	As previously reported	Adjustments	As restated
Lease expenses	16.77	(14.76)	2.01
Depreciation	82.79	12.93	95.72
Financing cost on leases	-	3.12	3.12
Loss/(Profit)	**99.56**	**1.29**	**100.85**

Statement of cash flow

31 March 2020	Impact of changes in accounting policies		
	As previously reported	Adjustments	As restated
Profit	467.70	-	467.70
Adjustments for:			
Finance costs recognised in profit or loss	-	3.12	3.12
Depreciation and amortisation of non-current assets	-	12.93	12.93
Net cash from operating activities	**467.70**	**16.05**	**483.75**
Repayment of borrowings	-	(15.27)	(15.27)
Net cash from financing activities	**-**	**(15.27)**	**(15.27)**

The following table provides extract of effect on both basic and diluted earnings per share

31 March 2020	Increase/ (decrease) in profit for the year attributable to owners of the Company	Increase/ (decrease) in basic earnings per share	Increase/ (decrease) in diluted earnings per share
	₹	₹ per share	₹ per share
Changes in accounting policies relating to:			
- adoption of Ind AS 116	(1.29)	(0.15)	(0.15)

Notes to the Consolidated Financial Statements
as on 31 March 2020

54. Disclosure for operating leases under Ind AS 116 - "Leases": (Contd..)

The future minimum lease payments and payment profile of non-cancellable operating leases are as under:

₹ in Crore

Particulars	31 March 2020	31 March 2019
Not later than one year	1.01	1.17
Later than one year but not later than five years	0.33	3.13
Less than five years	Nil	Nil

Finance Lease

Particulars	Total Minimum Lease Payments Outstanding ₹ in Crore	Future Interest on Outstanding ₹ in Crore	Present Value of Minimum Lease Payments ₹ in Crore
Within one year	2.09	Nil	2.09
	(1.97)	**(Nil)**	**(1.97)**
Later than one year and not later than five years	0.74	Nil	0.74
	(0.66)	**(Nil)**	**(0.66)**

Figures in brackets indicate 31 March 2019 figures.

55. Contingent liabilities and commitments:

Contingent Liabilities

₹ in Crore

Particulars	31 March 2020	31 March 2019
i. Claims against the Company not acknowledged as debt	0.61	0.61
ii. Custom Duty on import under Advance License Scheme, pending fulfilment of Exports obligation	1.19	1.92
iii. Disputed Octroi Amount paid under protest and included under "Other Current Assets" ₹ 0.52 Crore (31 March 2019 ₹ 0.52 Crore)	0.52	0.52
iv. Excise duty, Service tax, VAT & GST disputed by the Company	2.41	0.68
v. Income Tax demand disputed by the Company pending in appeal Amount paid there against and included under "Current Tax Assets" ₹ Nil (31 March 2019 ₹ 0.97 Crore)	Nil	0.97
vi. Financial guarantees aggregating to ₹ 45.40 Crore (31 March 2019 ₹ 41.42 Crore) given to third party on behalf of subsidiaries for contractual obligations.	45.40	41.42

The Company does not expect the outcome of the matters stated above to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

Future cash outflows in respect of liability under clause (i) is dependent on terms agreed upon with the parties, in respect of clauses (ii) to (v) is dependent on decisions by relevant authorities of respective disputes, clause (vi) financial guarantee.

Supreme Court Judgement on computation of provident fund contribution

There has been a Supreme Court (SC) judgement dated 28th February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

Notes to the Consolidated Financial Statements
as on 31 March 2020

55. Contingent liabilities and commitments: (Contd..)

Commitments:

a) Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances ₹ 132.28 Crore (31 March 2019 ₹ 260.18 Crore).

b) Other Commitments – Non-cancellable operating leases (Refer note 54).

56. Related party disclosure as required by Ind AS 24 are given below:

A) Relationships:

Category I - Directors, Key Management Personnel:

Mr. Mannalal B. Agrawal	Chairman
Mr. Madhusudan B. Agrawal	Executive Vice Chairman
Mr. Yogesh M. Agrawal	Managing Director
Mr. Rajesh M. Agrawal	Joint Managing Director
Mr. Chandrakant M Khetan	Independent Director
Mr. K. H. Viswanathan	Independent Director
Mr. Prabhakar R. Dalal	Independent Director
Dr. Anjana Grewal	Independent Director
Mr. Arvind Agrawal	Chief Financial Officer
Mr. Gaurang Shah	Company Secretary

Category II - Enterprise over which persons covered under category I above are able to exercise significant control:

Gabs Investment Private Limited

Seth Bhagwandas Agrawal Charitable Trust

Ganga Exports being represented by Mr. Yogesh Agrawal, Mr. Rajesh Agrawal &
Mr. Ravi Agrawal

Mannalal Agrawal Trust, Trustee – Mr. Mannalal B. Agrawal

Yogesh Agrawal Trust, Trustee - Mr. Yogesh M. Agrawal

Rajesh Agrawal Trust, Trustee - Mr. Rajesh M. Agrawal

Ravi Agrawal Trust, Trustee - Mr. Ravi P. Agrawal

Aayush Agrawal Trust, Trustee - Mr. Aayush M. Agrawal

Ajanta Pharma Limited Group Gratuity Trust

Samta Purushottam Agrawal Memorial Foundation

Manisha Yogesh Agrawal Foundation

Smriti Rajesh Agrawal Foundation

Ajanta Foundation

Category III - Others (Relatives of Key Management Personnel):

Tanya Agrawal – Daughter of Managing Director

Notes to the Consolidated Financial Statements
as on 31 March 2020

56. Related party disclosure as required by Ind AS 24 are given below: (Contd..)

B) Following transactions were carried out with related parties:

₹ in Crore

Sr. No.	Particulars	Category	31 March 2020	31 March 2019
1.	**Compensation to Key Management & Others:**			
	Short Term Employee Benefits			
	Madhusudan B. Agrawal	I	1.68	1.49
	Yogesh M. Agrawal	I	8.38	8.02
	Rajesh M. Agrawal	I	8.38	8.02
	Arvind Agrawal	I	1.24	1.10
	Gaurang Shah	I	0.54	0.50
	Tanya Agrawal	III	0.06	0.03
	Post-employment benefits	I	0.28	1.21
2.	**Commission and Sitting Fees to Non-Executive Director**			
	Mannalal B. Agrawal	I	0.04	0.04
	Mr. Chandrakant M Khetan	I	0.08	0.07
	Dr. Anil Kumar	I	-	0.05
	Mr. K. H. Viswanathan	I	0.06	0.06
	Mr. Prabhakar R. Dalal	I	0.06	0.06
	Dr. Anjana Grewal	I	0.05	0.05
3.	**Commission to Executive Director**			
	Yogesh M. Agrawal	I	2.34	1.88
	Rajesh M. Agrawal	I	2.34	1.88
4.	**Dividend Paid**			
	Key Management Personnel	I	0.04	0.21
	Others	II	79.98	55.64
6.	**Corporate Social Responsibility Expense**			
	Seth Bhagwandas Agrawal Charitable Trust	II	0.34	Nil
	Samta Purushottam Agrawal Memorial Foundation	II	9.40	5.40
	Manisha Yogesh Agrawal Foundation	II	0.05	5.40
	Smriti Rajesh Agrawal Foundation	II	0.05	5.40
	Ajanta Foundation	II	Nil	0.05
7.	**Contribution made to Group gratuity trust through premium paid to LIC :**			
	Premium paid	II	6.01	7.94
8.	**Buyback of Equity Share**			
	Yogesh M Agrawal, Trustee Yogesh Agrawal Trust	III	Nil	14.31
	Rajesh M Agrawal, Trustee Rajesh Agrawal Trust	III	Nil	14.31
	Ravi P Agrawal, Trustee Ravi Agrawal Trust	III	Nil	14.93
	Aayush M Agrawal, Trustee Aayush Agrawal Trust	III	Nil	15.55
	Ganga Exports being represented by Yogesh Agrawal, Rajesh Agrawal & Ravi Agrawal	III	Nil	6.06

Notes to the Consolidated Financial Statements

as on 31 March 2020

56. Related party disclosure as required by Ind AS 24 are given below: (Contd..)

C) Amount outstanding as on 31 March 2020

₹ in Crore

Sr. No.	Particulars	Category	31 March 2020	31 March 2019
1.	**Commission Payable to Non-Executive Director**			
	Mr. Chandrakant M Khetan	I	0.02	0.02
	Mr. K. H. Viswanathan	I	0.02	0.02
	Mr. Prabhakar R. Dalal	I	0.02	0.02
	Dr. Anjana Grewal	I	0.02	0.02
2.	**Commission Payable to Executive Director**			
	Yogesh M. Agrawal	I	2.34	1.88
	Rajesh M. Agrawal	I	2.34	1.88

Based on the internal and external transfer pricing review and validation, the Group believes that all transactions with associated enterprises are undertaken on the basis of arm's length principle and are in normal course.

57. Contribution towards corporate social responsibility ("CSR")

The particulars of CSR expenditure are as follows:

a) Gross amount required to be spent by the Group during the year is ₹ 10.89 Crore (31 March 2019: ₹ 11.27 Crore).

b) Amount spend during the year on:

Sr. No.	Particulars	In cash	Yet to be paid in cash	Total
a.	Construction/ acquisition of asset	Nil	Nil	Nil
b.	On purposes other than (i) above	15.07	Nil	15.07

*including paid to related parties ₹ 9.84 Crores (Refer note 56)

c) Amount spend during the 31 March 2019 on:

Sr. No.	Particulars	In cash	Yet to be paid in cash	Total
a.	Construction/ acquisition of asset	Nil	Nil	Nil
b.	On purposes other than (i) above	11.69	Nil	11.69

*including paid to related parties ₹ 5.45 Crores (Refer note 56)

58. Provision of anticipated sales return

Provision has been made towards probable return of goods from customers, as per Indian Accounting Standard (Ind AS) 37 estimated by management based on past trends.

₹ in Crore

Particulars	31 March 2020	31 March 2019
Balance at the beginning of the year	17.30	21.42
Add: Provisions made during the year	67.61	17.30
Less: Amount written back/utilized during the year	17.30	21.42
Balance at the end of the year	**67.61**	**17.30**

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59. Operating Segments

A. Basis for segmentation

The operations of the Group are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprise of pharmaceutical products only.

The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on an aggregation of financial information for all entities in the Group (adjusted for intercompany eliminations, adjustments, etc.) on a periodic basis.

B. Geographic information

The geographic information analyses the Group's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

a. Revenue from external customers

₹ in Crore

Particulars	31 March 2020	31 March 2019
India	768.70	689.76
Africa		
- Branded	348.67	307.01
- Institution	244.39	195.67
Asia	673.45	528.67
USA	515.50	283.07
Others	7.81	9.94
	2,558.52	**2,014.12**

b. Non-current assets (other than financial instruments and deferred tax assets)

₹ in Crore

Particulars	31 March 2020	31 March 2019
India	1,615.45	1,454.79
Africa	20.76	19.38
Asia	5.51	5.89
USA	9.85	4.52
	1,651.57	**1,484.58**

60. Remuneration to Auditors of the Company and its subsidiaries (excluding GST)

₹ in Crore

Particulars	31 March 2020	31 March 2019
- Audit Fees	0.19	0.19
- Limited Review	0.28	0.18
- For Certification and other matters (including OPE)	0.07	0.05
Subsidiaries Auditors'		
- For audit	0.28	0.15
- For certification and other matters (including OPE)	0.01	0.01

Notes to the Consolidated Financial Statements

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61. Research and Development expenditure:

A unit of the Company has been recognised by DSIR as in house research and development unit. The Company claim 150% exemption under Sec. 35(2AB) of Income Tax Act 1961 for expenditure incurred on in house R&D activities.

₹ in Crore

Particulars	31 March 2020	31 March 2019
Amount in respect to		
Capital Expenditure	2.12	66.13
Revenue Expenditure	164.17	176.02
Total	**166.29**	**242.15**

62. Details of dues to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006:

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

₹ in Crore

Particulars	31 March 2020	31 March 2019
i. The principle amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principle amount due to micro and small enterprises	8.99	9.39
Interest due on above	Nil	Nil
ii. The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act 2006.	Nil	Nil
iv. The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act 2006.	Nil	Nil

63. The Company had entered into a Joint Venture ('JV') with JV Turkmenderman Ajanta Pharma Ltd. (TDAPL) where it had management control during the first 10 years of this contractual arrangement. However, in terms of the JV agreement, the Company subsequently surrendered the management control in favour of the local partner and since then ceased to have any control on the operations of the JV. Further, TDAPL operates under severe restrictions that significantly impairs its ability to transfer the funds. Consequently, the Company had impaired it's entire investment in TDAPL and considers this as an unrelated party. The Company is also unable to obtain reliable and accurate financial information in respect of the said JV.

Notes to the Consolidated Financial Statements

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64. Expenses capitalised during the year represent direct attributable expenditure for setting up of plants prior to the date of commencement of commercial production. The same were capitalised on completion of projects and commencement of commercial operations. The details of expenses capitalised are:

₹ in Crore

Particulars	31 March 2020	31 March 2019
Opening Balance	7.56	Nil
Add: Incurred during year		
Employee Benefit Expenses	6.14	2.80
Professional fees	0.05	0.07
Travelling expenses	0.45	0.19
Others	7.52	4.50
Total	**21.72**	**7.56**
Less: Capitalised to Tangible Assets	9.93	Nil
Closing Balance	11.79	7.56

65. Disaggregation of revenue

The operations of the Group are limited to only one segment viz. pharmaceuticals and related products. Revenue from contract with customers is from sale of manufactured goods and rendering of research services. Sale of goods are made at a point in time and revenue is recognised upon satisfaction of the performance obligations which is typically upon dispatch / delivery. The Group has a credit evaluation policy based on which the credit limits for the trade receivables are established. There is no significant financing component as the credit period provided by the Group is not significant.

Primary Geographical Markets

₹ in Crore

Particulars	31 March 2020	31 March 2019
India	768.70	689.76
Africa		
- Branded	348.67	307.01
- Institution	244.39	195.67
Asia	673.45	528.67
USA	515.50	283.07
Others	7.81	9.94
Total revenue from contract with customers	**2,558.52**	**2,014.12**
Timing of revenue recognition		
Goods transferred at a point in time	2,558.52	2,014.12
Services transferred over time	-	-

Variable components such as discounts, late delivery charges etc. continues to be recognised as revenue deductions in compliance with Ind AS 115. There is no customer who contributes more than 10% of the Group's revenue.

₹ in Crore

Revenue Break-up	31 March 2020	31 March 2019
Revenue as per contracted price	4,781.18	3,455.60
Adjusted for:		
Sales Return (including provisions)	157.38	54.98
Chargeback, rebates and discounts	1,925.68	1,334.52
Others	139.60	51.98
Total	**2,222.66**	**1,441.48**
Net Sale	2,558.52	2,014.12

The company normally sells goods on credit which varies from 14 to 270 days in case of export sales. This does not involve any significant financing element.

Notes to the Consolidated Financial Statements
as on 31 March 2020

66. Additional information, as required under Schedule III of the Companies Act 2013, of enterprises consolidated as Subsidiary

As of 31 March 2020

Name of Enterprise	Net assets i.e total assets minus total liabilities		Share in profit (loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of total	Amount ₹ in Crore	As % of total	Amount ₹ in Crore	As % of total	Amount ₹ in Crore	As % of total	Amount ₹ in Crore
Holding Company								
Ajanta Pharma Ltd.	94.7%	2,461.30	94.3%	441.13	-45.9%	(2.55)	92.7%	438.58
Foreign Subsidiaries					0.0%			
APML	3.8%	98.39	16.8%	78.57	-57.0%	(3.17)	15.9%	75.40
APPI	3.5%	91.24	7.2%	33.56	162.6%	9.04	9.0%	42.60
APUI	1.6%	40.84	3.2%	14.95	40.1%	2.23	3.6%	17.18
APNL	0.0%	0.52	-0.1%	(0.62)	0.2%	0.01	-0.1%	(0.61)
Total Eliminations/ Adjustments	-3.0%	(79.10)	-21.4%	(99.89)	0.0%	-	-21.1%	(99.89)
Exchange difference on translation of foreign operations	-0.6%	(14.32)	0.0%	-	0.0%	-	0.0%	-
Total		**2,598.87**		**467.70**		**5.56**		**473.26**

As of 31 March 2019

Name of Enterprise	Net assets i.e total assets minus total liabilities		Share in profit (loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of total	Amount ₹ in Crore	As % of total	Amount ₹ in Crore	As % of total	Amount ₹ in Crore	As % of total	Amount ₹ in Crore
Holding Company								
Ajanta Pharma Ltd.	95.4%	2,142.08	101.2%	391.76	39.6%	(1.28)	101.8%	390.48
Foreign Subsidiaries								
APML	4.8%	107.04	12.6%	48.80	9.3%	(0.30)	12.6%	48.50
APPI	2.9%	65.91	6.6%	25.39	-83.3%	2.69	7.3%	28.07
APUI	1.0%	23.50	3.2%	12.45	129.4%	(4.18)	2.2%	8.27
APNL	0.1%	1.15	-0.1%	(0.32)	5.0%	(0.16)	-0.1%	(0.47)
Total Eliminations/ Adjustments	-3.9%	(88.26)	-23.5%	(91.11)	0.0%	-	-23.7%	(91.11)
Exchange difference on translation of foreign operations	-0.3%	(6.21)	0.0%	-	0.0%	-	0.0%	-
Total		**2,245.21**		**386.97**		**(3.23)**		**383.74**

Refer Annexure "B" of Director's Report for salient features of the financial statements of subsidiaries

67. Loss due to fire at Guwahati plant

Pursuant to an incident involving fire on 31 August 2019 at Guwahati plant, certain property, plant and equipment (PPE) and inventory were damaged. The Company has assessed the loss of inventory and PPE due to the said incident aggregating to ₹ 9.11 crore for inventory and ₹ 31.55 crore in respect of PPE (including repairs to PPE of ₹ 23.03 crore). The Company has recognized the loss aggregating to ₹ 27.20 crore on inventory and PPE, including the expenditure on repairs incurred during the year, as an exceptional item during the year ended 31 March 2020. The Company has a valid insurance contract with respect to these assets and has accordingly lodged a claim with the insurance company for ₹ 46.07 crore. The Company has recognised insurance claim compensation of ₹ 23.28 crore during the year as an exceptional item and has received amounts aggregating to ₹ 20.27 crore toward part payment of the claims from the Insurance company during the year.

Notes to the Consolidated Financial Statements
as on 31 March 2020

68. Income Tax

Income tax (expense) / benefit recognized in the income statement consists of the following:

a. Current tax

₹ in Crore

Particulars	31 March 2020	31 March 2019
Current tax on profit for the year	185.44	123.91
Adjustment for current tax of prior periods	0.91	(0.05)
Total Current Tax expenses	186.35	123.86
Deferred tax expense/(benefit)		
Origination and reversal of timing difference	9.92	12.74
MAT Credit Entitlement	-	(9.30)
Total Deferred Tax expenses	9.92	3.44
Total income tax recognised in the income statement	**196.27**	**127.30**

b. Reconciliation of effective tax rate

₹ in Crore

Particulars	31 March 2020	31 March 2019
The following is a reconciliation of the Group's effective tax rate		
Accounting profit before income taxes	663.96	514.27
Enacted tax rate in India (%)	34.94%	34.94%
Computed expected tax (benefit) / expenses	232.00	179.71
Tax effect due to non-taxable income for India tax purpose	(17.92)	(0.43)
Overseas taxes	17.99	15.22
Effect of non-deductible expenses	10.04	10.33
Effect of exempt non-operating income	(1.17)	(1.42)
Temporary difference which is reversed during the Tax Holiday period	(6.99)	(18.44)
Tax effect which is chargeable at different rate	(17.73)	(13.53)
Additional deduction on R&D Expenses	(20.16)	(32.93)
Other deductible expenses	(0.70)	(11.17)
Adjustment for current tax of prior periods	0.91	(0.04)
Income tax expenses	**196.27**	**127.30**
Effective tax rate	**29.56%**	**24.75%**

c. Recognised deferred asset and liability

Particulars	Deferred tax asset		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 20	31 March 19	31 March 20	31 March 19	31 March 20	31 March 19
Property ,Plant and equipment	-	-	98.96	87.18	(98.96)	(87.18)
Gain on Financial Instrument at FVTPL	-	-	-	2.34	-	(2.34)
Gain on Investment at FVTPL	-	-	1.43	0.45	(1.43)	(0.45)
Leave Encashment	5.73	5.42	-	-	5.73	5.42
Provision for Expired Goods	9.10	3.73	-	-	9.10	3.73
MAT Credit Entitlement	-	20.18	-	-	-	20.18
Provision for Loss Allowance	4.40	1.75	-	-	4.40	1.75
Temporary difference related to subsidiaries	24.93	31.67	-	-	24.93	31.67
Others	0.47	0.14	-	-	0.47	0.14
Net deferred tax asset/ (liabilities)	**44.63**	**62.89**	**100.39**	**89.97**	**(55.76)**	**(27.08)**

Notes to the Consolidated Financial Statements

as on 31 March 2020

68. Income Tax (Contd..)

d. Movement in deferred tax balances 31 march 2020

Particulars	Net balance as on 1 April 2019	Recognised in Profit and loss	Net	Deferred tax asset	Deferred tax liabilities
Property ,Plant and equipment	(87.18)	(11.78)	(98.96)	-	98.96
Gain on Financial Instrument at FVTPL	(2.34)	2.34	-	-	-
Gain on Investment at FVTPL	(0.45)	(0.98)	(1.43)	-	1.43
Leave Encashment	5.42	0.31	5.73	5.73	-
Provision for Expired Goods	3.73	5.37	9.10	9.10	-
MAT Credit Entitlement	20.18	(20.18)	-	-	-
Provision for Loss Allowance	1.75	2.65	4.40	4.40	-
Temporary difference related to subsidiaries	31.67	(6.74)	24.93	24.93	-
Others	0.14	0.33	0.47	0.47	-
Net deferred tax asset/ (liabilities)	**(27.08)**	**(28.68)**	**(55.76)**	**44.63**	**100.39**

e. Movement in deferred tax balances 31 march 2019

Particulars	Net balance as on 1 April 2018	Recognised in Profit and loss	Net	Deferred tax asset	Deferred tax liabilities
Property ,Plant and equipment	(67.20)	(19.99)	(87.19)	-	(87.19)
Gain on Financial Instrument at FVTPL	(0.82)	(1.52)	(2.34)	-	(2.34)
Gain on Investment at FVTPL	-	(0.45)	(0.45)	-	(0.45)
Leave Encashment	4.77	0.66	5.43	5.43	-
Provision for Expired Goods	3.34	0.39	3.73	3.73	-
MAT Credit Entitlement	10.88	9.30	20.18	20.18	-
Provision for Loss Allowance	2.01	(0.26)	1.75	1.75	-
Temporary difference related to subsidiaries	22.46	9.21	31.67	31.67	-
Others	0.15	(0.01)	0.14	0.14	-
Net deferred tax asset/ (liabilities)	**(24.41)**	**(2.67)**	**(27.08)**	**62.90**	**(89.98)**

The charge relating to temporary differences during the year ended 31 March 2020 are primarily on account of property plant and equipment and gain on investment at FVTPL partially offset by provision for expired goods, provision for loss allowance, compensated absences, MAT credit entitlement. The credit to temporary differences during the year ended 31 March 2019 are primarily on account of Property plant and equipment and gain on investment at FVTPL partially offset by provision for expired goods, compensated absences, provision for loss allowance. Current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same authority.

Notes to the Consolidated Financial Statements
as on 31 March 2020

69. Investment Properties

Rental income recognised in profit or loss for investment properties aggregates to ₹ 0.37 crore (31 March 2019 ₹ 0.13 crore). Maintenance and other expenses aggregating to ₹ 0.03 crore (31 March 2019 ₹ 0.02 crore)

Estimation of fair value

Fair value of Investment Properties aggregates to ₹ 14 crore approximately. The fair valuation of the assets is based on the perception about the macro and micro economic factors presently governing the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities, etc. This value is based on general market rate prevalent for similar properties in respective area.

70. Impact of COVID – 19 (Global pandemic)

The extent of the impact of COVID 19 outbreak on operations of the Group will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, Government actions, the impact on financial markets and the overall economy, all of which are highly uncertain and can't be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Group operations may be affected. However, the Group does not expect that the outbreak will have material adverse effect on operations or financials results at this time.

In terms of our report attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
20 May 2020

For and on behalf of Board of Directors of
Ajanta Pharma Limited
CIN - L24230MH1979PLC022059

Yogesh M. Agrawal
Managing Director
DIN: 00073673

Arvind Agrawal
Chief Financial Officer

Rajesh M. Agrawal
Joint Managing Director
DIN: 00302467

Gaurang Shah
Company Secretary
FCS No. 6696

Independent Auditors' Report

To the Members of
Ajanta Pharma Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Ajanta Pharma Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Fraud risk and accrual for sales returns and recalls in revenue recognition

The key audit matter	How the matter was addressed in our audit
Refer note 6.9 of accounting policies and note 35 to the standalone financial statements. As stated in Note 35 to the standalone financial statements, revenue from sale of products is recognized at a point in time when control of the products is transferred to the customer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable after adjusting variable components like sales returns. The actual point in time when revenue is recognised varies depending on the specific terms and conditions of the sales contracts entered into with customers. The Company has a large number of customers operating in various geographies and sales contracts with these customers have distinct terms and conditions relating to the recognition of revenue and right of return.	Our procedures in respect of recognition of revenue included the following: • Focusing on the revenue recognition accounting policies by comparing with applicable accounting standards; • Testing the design, implementation and operating effectiveness of the Company's manual and general IT controls and key IT applications. We tested the Company's controls over timely and accurate recording of revenue in the correct period;

Fraud risk and accrual for sales returns and recalls in revenue recognition (Contd..)

The key audit matter	How the matter was addressed in our audit
Revenue is a key performance indicator for the Company. Accordingly, there could be pressure to meet the expectations of investors / other stakeholders and / or to meet revenue targets stipulated in performance incentive schemes for a reporting period. We have considered that there is a risk of fraud related to revenue being overstated by recognition in the wrong period or before control has passed. Revenue is recognised net of accrual for sales returns and recalls. Significant estimation is required for establishing an accrual based on various factors. These factors include past trend, market conditions and introduction of new products. The methodology and assumptions used to estimate sales returns are monitored and adjusted regularly. These adjustments are in line with contractual and legal obligations, trade practices, historical trends, past experience and projected market conditions. Accordingly, we identified recognition of revenue from sale of products and accrual for sales returns and recalls as a key audit matter.	• Performing substantive testing of selected samples of revenue transactions recorded during the year-end. We used statistical sampling and verified contractual terms of sales invoices / contracts, shipping documents and acknowledged delivery receipts for those transactions; • Testing Company's control over finished goods inventories recognized in the Company's balance sheet; • Testing the sales return data and key considerations used to determine the accrual for sales returns and recalls. We assessed the methodology and assumptions used to estimate sales returns. We examined the adjustments made to the said methodology and assumptions. These adjustments included the past trend of returns, impact of Covid on the market conditions, impact of new products and expected returns in future; • Performing retrospective test of accrual for sales returns and recalls to identify any bias; • Analysing and testing high risk manual journals posted to revenue on a sample basis to identify any unusual items.

Impairment of Property, Plant and Equipment

The key audit matter	How the matter was addressed in our audit
Refer note 6.1 to Accounting policies and note 8 to the standalone financial statements. The carrying value of PPE represents 44 % of the total assets of the Company as at 31 March 2020. PPE is carried at cost less accumulated depreciation and accumulated impairment losses. PPE is assessed for impairment when an indicator of impairment exists. As stated in Note 6.1 to the standalone financial statements, if any such indication exists, the Company estimates the recoverable amount of the asset which is higher of the asset's fair value less costs of disposal and its value in use. The Company has identified following indicators of impairment: • Impact on sales resulting from the potential impact of the Covid 19 pandemic on the global economy, • Anticipated delays in product approvals in regulated markets and • Capacity utilisation of certain plants. The identification of impairment event and the determination of impairment charge require the application of significant judgement by the Company. The value in use calculation is based on a discounted cash flow model. It involves making certain assumptions and using estimates, in particular, with respect to the timing and amount of future cash flows of the asset.	Our procedures in this area included the following: • Evaluating the design, implementation and testing the operating effectiveness of key controls over the impairment assessment process. This included the estimation and approval of forecasts and determination of valuation models; • Analysing the indicators of impairment of PPE; • Understanding Company's assessment of those indicators; • Assessing the valuation methodology used for determining recoverable amount and testing the arithmetical accuracy of the impairment models; • Understanding from the Company regarding the basis and assumptions used for the projected future cash flows; • Verifying the inputs used in projecting future cash flows. We challenged the business assumptions used, such as sales growth and the probability of success of new products; • Challenging the assumptions used in estimating future cash flows for any inconsistency with the commercial strategy associated with the products;

Impairment of Property, Plant and Equipment (Contd..)

The key audit matter	How the matter was addressed in our audit
These estimates include sales forecasts, estimation of costs, new product approvals, impact of competition on long term growth rate and applicable discounting rates. There is inherent uncertainty and judgment in forecasting and discounting future cash flows. Due to the significance of the value of PPE and the possible indicators of impairment, we have considered assessment of impairment of PPE as a key audit matter.	• Evaluating the valuation assumptions, such as discount rates, used by the Company; • Performing sensitivity analysis of key assumptions. This included future revenue growth rates and the discount rates. These are applied in the valuation models; • Evaluating the past performances where relevant and assessing historical accuracy of the forecast produced by the Company; • Considering events or transactions occurring after the balance sheet date but before the reporting date for any adjustment to the conclusions reached on the carrying values of the assets and associated disclosures.

Insurance receivable

The key audit matter	How the matter was addressed in our audit
Refer note 2 to Accounting policies and note 20 and 62 to the standalone financial statements. During the year, an incident at one of the plants operated by the Company caused damages to inventories and PPE. The total damages incurred have been assessed. The resulting loss, including inventory write-off, has been recorded in the year ended 31 March 2020. The Company has filed a claim for compensation with the insurance company. The claim is based on the terms and conditions of the insurance policy availed by the Company. As stated in Note 62 to the standalone financial statements, the expected income from insurance claim against the said losses has been recognised by the Company as an exceptional item. Determining the certainty of receiving the compensation and determining the amount of compensation receivable under the insurance policy requires judgement. Timing of recognition and amount of claim in the financial statements has been considered as a key audit matter.	Our audit procedures include the following substantive procedures: • Focusing on the accounting policies of compensation for the impairment of PPE and losses in the inventory by comparing with applicable accounting standards; • Verifying the coverage of the insurance policy in respect of the incident as well as the assets destroyed during the incident; • Assessing the Company's determination of loss of inventory based on usability of the remaining inventory after the incident and loss of PPE; • Sighting the FIR filed by the Company to gain an understanding of the incident; • Identifying probability of any dispute in respect of the claim based on related communications in respect of the claim; • Assessing Company's judgement on its unconditional contractual right to receive compensation. We checked the Company's assessment of compliance with the conditions of the insurance contract; • Verifying the Company's assessment of any indications of the claim not being accepted based on replies received from the insurance company after the lodging of the claim; • Assessing determination of the amount of insurance claim based on the insurance claim filed by the Company; • Verifying the provisional amounts received from the insurance company against the claim by the Company.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the 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 and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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 in the standalone financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 53 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law and accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 48 to the financial statement.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410
UDIN: 20111410AAAAAU9592

Mumbai
20 May 2020

Annexure A to the Independent Auditor's Report

31 March 2020

(Referred to in 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 regular programme of physical verification of its by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed / conveyance deed / share certificate / other documents evidencing title, we report that the title deeds of immovable properties of land and building which are freehold, as disclosed in Note 8 to the standalone financial statements, are held in the name of the Company. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as right of use assets in Note 8 to the standalone financial statements, the lease agreements are in the name of the Company.

(ii) The inventory, except goods-in-transit and goods lying with third parties, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties at year end, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 186 of the Act, in respect of making investments as applicable. The Company has not granted any loans or provided any guarantees or security on behalf of the parties covered under Section 185 of the Act.

(v) According to the information and explanations given to us, the Company has not accepted any deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by Central Government for maintenance of cost records under Section 148 (1) of the Act for drugs and pharmaceutical products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income-tax, duty of customs, provident fund, employees' state insurance, goods and service tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities, though there have been slight delays in few payments of provident fund and professional tax. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales Tax, Value added tax, Service tax, duty of

Customs, duty of Excise, Goods and Service tax and Cess which have not been deposited with the appropriate authorities on account of any dispute, except as stated below.

₹ in Crore

Name of the Statute	Nature of dues	Amount Demanded	Amount not deposited under dispute	Amount deposited under dispute	Period to which the amount relates	Forum where dispute is pending
Central Goods & Service Tax Act, 2017	GST	0.26	0.25	0.01	FY 2017-18	Joint Commissioner (Appeals), Hyderabad
Central Goods & Service Tax Act, 2017	GST	0.01	0.01	-	FY 2017-18	Assistant Commissioner, Palghar
Central Excise Act 1944	Excise duty	0.20	0.20	-	FY 2010-11 to FY 2015-16	CESTAT, Bengaluru
Central Excise Act 1944	Excise duty	0.05	0.05	-	FY 2006-07 to FY 2010-11	CESTAT, Mumbai
Kerala VAT Act	VAT	1.83	1.63	0.20	FY 2012-13	Deputy Commissioner (Appeals) SGST, Ernakulam
Central Sales Tax Act	CST	0.04	0.03	0.01	FY 2012-13	Deputy Commissioner (Appeals) SGST, Ernakulam
Gujarat VAT Act	CST	0.02	0.02	-	FY 2015-16	Assistant Commissioner, Ahmedabad
Assam VAT Act	CST	0.01	0.01	-	FY 2016-17	Superintendent of Taxes, Guwahati

(vii) In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures. Accordingly paragraph 3(viii) of the Order is not applicable to the Company.

(viii) According to information and explanation given to us and based on our examination of the records of the Company, the Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the paragraph 3(ix) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(x) According to the information and explanations give to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xi) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with the provisions of Sections 177 and 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act read with the relevant rules issued thereunder.

(xiii) According to the information and explanations give to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410
UDIN: 20111410AAAAAU9592

Mumbai
20 May 2020

Annexure B to the Independent Auditors' Report

on the standalone financial statements of Ajanta Pharma Limited for the period ended 31 March 2020.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Ajanta Pharma Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 with reference to standalone financial statements were established and maintained and whether 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements 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 with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410
UDIN: 20111410AAAAAU9592

Mumbai
20 May 2020

Balance Sheet
as at 31 March 2020

₹ in Crore

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,343.74	1,145.49
Capital work-in-progress	8	131.06	261.29
Investment property	8	9.39	9.88
Other intangible assets	8	10.57	6.65
Right-of-use assets	8	85.62	-
Financial assets			
(i) Investments	9	18.63	18.26
(ii) Loan	10	6.28	8.19
(iii) Other non-current financial assets	11	9.09	2.66
Non current tax assets (net)	12	13.83	13.48
Other non-current assets	13	5.86	7.15
Total non-current assets		**1,634.07**	**1,473.05**
Current assets			
Inventories	14	436.19	414.26
Financial assets			
(i) Investments	15	67.14	64.74
(ii) Trade receivables	16	734.24	423.38
(iii) Cash and cash equivalents	17	84.95	30.52
(iv) Bank balances other than cash and cash equivalents	18	2.90	5.35
(v) Loan	19	6.28	6.03
(vi) Other financial assets	20	3.09	7.01
Other current assets	21	80.29	97.17
Total current assets		**1,415.08**	**1,048.46**
Total assets		**3,049.15**	**2,521.51**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	22	17.54	17.54
Other equity	23	2,443.76	2,124.54
Total equity		**2,461.30**	**2,142.08**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	24	11.97	-
(ii) Other financial liabilities	25	0.46	0.33
Provisions	26	15.65	13.44
Deferred tax liabilities (net)	27	81.16	58.90
Other liabilities	28	3.67	-
Total non-current liabilities		**112.91**	**72.67**
Current liabilities			
Financial liabilities			
(i) Trade payables	29	-	-
(a) total outstanding dues of micro enterprises and small enterprises		8.99	9.39
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		293.78	176.14
(ii) Other financial liabilities	30	98.57	94.02
(iii) Lease liabilities	31	11.52	-
Other liabilities	32	43.19	19.54
Provisions	33	9.16	7.67
Current tax liabilities (net)	34	9.73	-
Total current liabilities		**474.94**	**306.76**
Total equity and liabilities		**3,049.15**	**2,521.51**
Significant accounting policies	1 to 7		
The notes referred to above form an integral part of standalone financials statements	8 to 65		

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
20 May 2020

For and on behalf of Board of Directors of
Ajanta Pharma Limited
CIN - L24230MH1979PLC022059

Yogesh M. Agrawal
Managing Director
DIN: 00073673

Arvind Agrawal
Chief Financial Officer

Rajesh M. Agrawal
Joint Managing Director
DIN: 00302467

Gaurang Shah
Company Secretary
FCS No. 6696

Statement of Profit and Loss

for the period ended 31 March 2020

₹ in Crore

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	35	2,196.42	1,772.62
Other income	36	184.20	102.15
Total income		**2,380.62**	**1,874.77**
Expenses			
Cost of materials consumed	37	556.22	388.71
Purchase of stock-in-trade	38	98.73	70.79
Changes in inventories of finished goods/ work-in-progress/stock-in-trade	39	9.02	(67.38)
Employee benefits expense	40	437.82	389.37
Finance costs	41	9.10	0.41
Depreciation and amortisation expense	42	91.29	69.90
Other expenses	43	561.85	509.92
Total expenses		**1,764.03**	**1,361.72**
Profit before tax and exceptional items		**616.59**	**513.05**
Exceptional Item - Income (Expense)			
Exceptional Item - Loss on fire	62	(3.92)	-
Profit before tax		**612.67**	**513.05**
Tax expense :	63		
- Current tax (net)		168.09	108.66
- Deferred tax (net)		3.45	12.63
Profit for the year		**441.13**	**391.76**
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit plans		(3.92)	(1.97)
Income tax relating to items that will not be reclassified to profit or loss		1.37	0.69
Net other comprehensive loss that will not be reclassified subsequently to profit or loss		**(2.55)**	**(1.28)**
Other comprehensive loss for the year (net of income tax)		**(2.55)**	**(1.28)**
Total comprehensive income for the year		**438.58**	**390.48**
Earnings per equity share (Face Value ₹ 2/-)	45		
Basic (₹)		50.55	44.51
Diluted (₹)		50.55	44.51
Significant accounting policies	1 to 7		
The notes referred to above form an integral part of standalone financials statements	8 to 65		

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
20 May 2020

For and on behalf of Board of Directors of Ajanta Pharma Limited
CIN - L24230MH1979PLC022059

Yogesh M. Agrawal
Managing Director
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Chief Financial Officer

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Joint Managing Director
DIN: 00302467

Gaurang Shah
Company Secretary
FCS No. 6696

Statement of Cash Flow

for the year ended as at 31 March 2020

₹ in Crore

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
A. Cash flow from operating activities		
Profit before tax	612.67	513.05
Adjustment		
Depreciation and amortisation expense	91.29	69.90
Loss on sale / retirement of property, plant and equipment (net)	0.10	0.23
Finance cost	9.10	0.41
Dividend from subsidiaries	(101.30)	(77.42)
Gain on fair value of investment	(4.86)	(5.59)
Loss / (Gain) on fair value of derivative	14.49	(8.21)
Income from investments & deposits	(3.86)	(4.51)
Equity settled share based payment	0.05	0.67
Unrealised foreign exchange (Gain) / loss	(53.79)	4.48
Loss on fire	3.92	-
Impairment loss on financial assets	8.26	8.48
Operating cash flow before working capital changes	**576.07**	**501.49**
Changes in working capital :		
(Increase) / Decrease in other non-current financial assets	(6.43)	1.34
Decrease in non current loans	1.91	1.99
Decrease in non current assets	0.06	0.55
(Increase) in inventories	(21.93)	(96.88)
(Increase) in current loans	(0.25)	(1.72)
(Increase) in trade receivables	(268.46)	(4.73)
Decrease in other current financial assets	3.92	1.20
Decrease in other current assets	16.88	20.82
Increase in non current other financial liabilities	0.13	0.33
Increase in non current provisions	2.21	0.28
Increase / (Decrease) in trade payables	112.17	(25.61)
(Decrease) / Increase in other current finanical liabilities	(13.14)	10.48
Increase in other current liabilities	38.70	6.95
(Decrease) in current provisions	(2.43)	(1.64)
Cash generated from operating activities	**439.41**	**414.85**
Net income tax paid	(138.53)	(103.03)
Net cash from operating activities	**300.88**	**311.82**
B. Cash flow from investing activities		
Capital expenditure on property, plant and equipment including capital advances	(236.37)	(339.87)
Insurance claim received against property, plant and equipment	4.90	-
Proceeds from sale of property, plant and equipment	5.49	0.62
Bank balances not considered as cash and cash equivalents	2.45	(2.90)
Dividend from subsidiaries	101.30	77.42
Purchase of current investments	(278.00)	(269.22)
Proceeds from sale of current investments	280.46	392.45
Income on investments and deposits	3.86	4.62
Net cash used in investing activities	**(115.91)**	**(136.88)**

Statement of Cash Flow

for the year ended as at 31 March 2020

₹ in Crore

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
C. Cash flow from financing activities		
Interest paid	(4.35)	(0.41)
Payment of lease liability	(13.71)	-
Payment for buyback of shares	-	(100.00)
Payment of expenses for buyback of shares	-	(0.99)
Dividend paid	(113.44)	(79.12)
Dividend distribution tax paid	(2.50)	(0.37)
Net cash used in financing activities	**(134.00)**	**(180.89)**
Net Increase/(Decrease) in cash and cash equivalents	**50.97**	**(5.95)**
Cash and cash equivalents as at the beginning of the year	30.52	36.22
Cash and cash equivalents as at the end of the year (Refer Note 17)	81.49	30.27
Reconciliation of cash and cash equivalents with the Balance sheet		
Cash and cash equivalents as per balance sheet	84.95	30.52
Unrealised loss / (gain) on foreign currency cash and cash equivalents	(3.46)	(0.25)
Cash and cash equivalents as restated as at the end of the year	81.49	30.27

Figures in brackets indicates outflow.

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS 7) " Statement of Cash Flow " under Section 133 of the Companies Act 2013.
2. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).
3. During the year the Company paid ₹ 14.97 (31 March 2019 ₹ 11.41) towards corporate social responsibility (CSR) expenditure included in corporate social responsibility expenditure Refer note 55).

Significant accounting policies 1 to 7

See accompanying notes forming part of the standalone financial statements 8 to 65

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
20 May 2020

For and on behalf of Board of Directors of
Ajanta Pharma Limited
CIN - L24230MH1979PLC022059

Yogesh M. Agrawal
Managing Director
DIN: 00073673

Arvind Agrawal
Chief Financial Officer

Rajesh M. Agrawal
Joint Managing Director
DIN: 00302467

Gaurang Shah
Company Secretary
FCS No. 6696

Statement of Changes In Equity

for the period ended 31 March 2020

A. Equity share capital (Refer note 22)

₹ in Crore

Particulars	Balance as at 1 April 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
Authorised	30.00	-	30.00
Issued, Subscribed & Paid up	17.54	*	17.54

* ₹ 15,000

B. Other equity (Refer note 23)

₹ in Crore

Particulars	Capital Redemption Reserve	Securities Premium	General Reserve	Employee Stock Options Outstanding Account	Retained Earnings	Other items of other comprehensive income (Re-measurement gains (losses) on defined benefit plans)	Total Other Equity
As at 1 April 2018	**2.10**	**77.42**	**901.00**	**1.63**	**932.97**	**(1.30)**	**1,913.81**
Profit for the year	-	-	-	-	391.76	-	391.76
Other comprehensive income (net of tax)	-	-	-	-	-	(1.28)	(1.28)
Total comprehensive income	**-**	**-**	**-**	**-**	**391.76**	**(1.28)**	**390.48**
Utilised for buy-back of equity shares		(78.62)	(21.23)				(99.85)
Payment of expenses for buyback of shares					(0.99)		(0.99)
Transfer to capital redemption reserve for buyback of equity shares	0.15	-	(0.15)	-	-	-	-
Exercised stock options	-	1.20	-	(1.20)	-	-	-
Share based payment expense	-	-	-	0.67	-	-	0.67
Dividend paid	-	-	-	-	(79.22)	-	(79.22)
Dividend distribution tax	-	-	-	-	(0.37)	-	(0.37)
As at 31 March 2019	**2.25**	**-**	**879.62**	**1.10**	**1,244.15**	**(2.58)**	**2,124.53**
Transition impact of Ind AS 116 (Refer note 52)	-	-	-	-	(3.85)	-	(3.85)
Restated balance as 1 April 2019	**2.25**	**-**	**879.62**	**1.10**	**1,240.30**	**(2.58)**	**2,120.68**
Profit for the year	-	-	-	-	441.13		441.13
Other comprehensive income (net of tax)	-	-	-	-	-	(2.55)	(2.55)
Total comprehensive income	**-**	**-**	**-**	**-**	**441.13**	**(2.55)**	**438.58**
Exercised stock options	-	1.05	-	(1.05)	-	-	-
Share based payment expense	-	-	-	0.42	-	-	0.42
Dividend paid	-	-	-	-	(113.44)	-	(113.44)
Dividend distribution tax	-	-	-	-	(2.48)	-	(2.48)
As at 31 March 2020	**2.25**	**1.05**	**879.62**	**0.47**	**1,565.51**	**(5.13)**	**2,443.76**

Nature of reserves

a) Capital redemption reserve

As per Companies Act, 2013, capital redemption reserve is created on redemption of preference shares and when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares redeemed or purchased is transferred to capital redemption reserve.

Statement of Changes In Equity

for the period ended 31 March 2020

b) Securities premium

Securities premium account comprises of premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

c) General reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the Statement of Profit and Loss.

d) Employees stock options outstanding account

The fair value of the equity-settled share based payment transactions are debited to Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account over the vesting period of the options.

e) Retained earnings

Retained Earnings are the profits that the Company has earned till date less any transfer to general reserve, dividends or other distributions paid to shareholders.

Significant accounting policies	1 to 7
See accompanying notes forming part of the standalone financial statements	8 to 65

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
20 May 2020

For and on behalf of Board of Directors of
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CIN - L24230MH1979PLC022059

Yogesh M. Agrawal
Managing Director
DIN: 00073673

Arvind Agrawal
Chief Financial Officer

Rajesh M. Agrawal
Joint Managing Director
DIN: 00302467

Gaurang Shah
Company Secretary
FCS No. 6696

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

1. Corporate Information

Ajanta Pharma Limited ("Company") is a public limited company incorporated and domiciled in India. Its shares are listed on Bombay Stock Exchanges and National Stock Exchange. The Registered office of Company is located at Ajanta House, Charkop, Kandivali (West), Mumbai.

Company is primarily involved in development, manufacturing and marketing of speciality pharmaceutical finished dosages.

2. Basis of Preparation

- Statement of Compliance

These standalone financial statements of the Company have been prepared in all material aspects in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under section 133 of the Companies Act, 2013 ('The Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India. These standalone financial statements have been prepared on an accrual basis and under the historical cost basis, except otherwise stated.

The standalone financial statements for the year ended 31 March 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 20 May, 2020

-Use of estimates and judgements:

The preparation of standalone financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and under lying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2020 are as follows:

Property, plant and equipment:

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

Recognition and measurement of defined benefit obligations:

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations

Intangible Assets

Internal technical or user team assess the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management seems them not collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgement in making these assumption and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

Allowances for inventories

Management reviews the inventory age listing on a periodic basis. The review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the standalone financial statement for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

Recognition of deferred tax assets and income tax

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

Insurance claims

Insurance claims are recognised when the Company has reasonable certainty of recovery.

Impairment reviews

An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved.

3. Functional and Presentation Currency

The financial statements are presented in Indian Rupees ('INR' or 'Rupees' or 'Rs.' or '₹') which is the functional currency for the Company.

4. Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crore.

5. Current / non-current classification

An entity shall classify an asset as current when-

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when-

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

6. Significant Accounting Policies

6.1. Property, Plant and Equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Cost includes purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates these components separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

All identifiable revenue expenses including interest incurred in respect of various projects / expansion, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work – in – Progress.

Capital expenditure on Property, plant and equipment for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Property, plant and equipment are derecognised either on disposal or when the asset retires from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on the property, plant and equipment is provided on straight line method, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013. Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis. Premium on Leasehold land are amortised over the period of lease. Building constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of the land is beyond the life of the building. In other cases, building constructed on leasehold land are amortised over the primary lease period of the land.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non-current assets.

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for the year ended 31 March 2020

6.2. Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in Statement of profit and loss in the period in which the expenditure is incurred.

Software is amortised over their estimated useful life on straight line basis from the date they are available for intended use, subject to impairment test.

The amortisation period and the amortisation method for an intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the assets is derecognised.

Research and Development

Revenue expenditure on research is recognised in the statement of profit and loss in the period in which it is incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

6.3. Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The company depreciates investment property using the following useful lives from the date of original purchase.

Investment Property	Management estimate of useful life	Useful life as per Schedule II
Building	21 years	30 and 60 years

Any gain or loss on disposal of an investment property is recognised in profit or loss.

The fair values of investment property is disclosed in the notes. Fair values is determined by the per square feet value in the locality available publicly.

Impairment on non financial assets

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows (i.e. corporate assets) are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

6.4. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets:

Classification:

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement:

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement:

For the purpose of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value (FVTPL /FVTOCI)
- Financial assets at amortised cost

When assets are measured at fair value, gains and losses are either recognised in the statement of profit and loss (i.e. fair value through profit or loss (FVTPL)), or recognised in other comprehensive income (i.e. fair value through other comprehensive income (FVTOCI)).

Financial Assets measured at amortised cost (net of write down for impairment, if any):

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of profit and loss.

Financial Assets measured at Fair Value through Other Comprehensive Income ("FVTOCI"):

Financial assets under this category are measured initially as well as at each reporting date at fair value, when asset is held within a business model, whose objective is to hold assets for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

Financial Assets measured at Fair Value through Profit or Loss ("FVTPL"):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

Investment in Subsidiary:

Investment in equity instruments of Subsidiaries are measured at cost. In the financial statements, investment in subsidiaries is carried at cost. The carrying amount is reduced to recognise any impairment in the value of investment.

Investment in Equity Instruments:

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income. There is no recycling of the amounts from other comprehensive income to profit or loss.

Investment in Debt Instruments:

A debt instrument is measured at amortised cost or at FVTOCI. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

Derecognition of Financial Assets:

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Impairment of Financial Assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and trade receivables.

Financial Liabilities:

Classification:

The Company classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

Initial recognition and measurement:

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Derecognition of Financial Liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative Financial Instrument:

The Company uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any changes therein are generally recognised in the statement of profit and loss.

6.5. Inventories

Raw materials and packing materials are valued at lower of cost (on moving weighted average basis) and the net realisable value, cost of which includes duties and taxes (net off CENVAT and Goods and Service Tax wherever applicable). Cost of imported raw materials and packing materials lying in bonded warehouse includes the amount of customs duty. Finished products including traded goods and work-in-progress are valued at lower of cost and net realisable value. Cost is arrived on moving weighted average basis.

The cost of Inventories have been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal operating capacity and other related cost incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

Slow and non-moving material, products nearing expiry, defective inventory are fully provided for and valued at net realisable value.

Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet. Materials and other items held for use in production of inventories are not written down, if the finished products in which they will be used are expected to be sold at or above cost.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

6.6. Cash and Cash Equivalents

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management

6.7. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of the Company are segregated.

6.8. Foreign Currency Transactions

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary asstes and liabilities that are measured based on historical cost in a foreign currency are not translated. Foreign currency exchange differences are generally recognised in the statement of profit and loss.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the Standalone Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in Standalone Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Standalone Statement of Profit and Loss.

6.9. Revenue Recognition

Revenue recognition under Ind AS 115 (applicable from 1 April 2018)

Under Ind AS 115, the company recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company disaggregates revenue from contracts with customers by geography.

Sale of Goods

The Company applied Ind AS 115 using the modified retrospective approach.

Revenue is measured based on the transaction price adjusted for discounts and rebates, which is specified in a contract with customer. Revenue are net of estimated returns and taxes collected from customers.

Revenue from sale of goods is recognized at point in time when control is transferred to the customer and it is probable that consideration will be collected. Control of goods is transferred upon the shipment of the goods to the customer or when goods is made available to the customer.

The transaction price is documented on the sales invoice and payment is generally due as per agreed credit terms with customer.

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The consideration can be fixed or variable. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

Sales return is variable consideration that is recognised and recorded based on historical experience, market conditions and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with trade practices, historical trends, past experience and projected market conditions.

Interest income

Interest income is recognised with reference to the Effective Interest Rate method.

Dividend income

Dividend from investment is recognised as revenue when right to receive is established.

Income from Export Benefits and Other Incentives

Export benefits available under prevalent schemes are accrued as revenue in the year in which the goods are exported and / or services are rendered only when there reasonable assurance that the conditions attached to them will be complied with, and the amounts will be received.

6.10. Employee Benefits

All employee benefits payable wholly within twelve months rendering service are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

(i) Defined benefit plans

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

Liabilities with regard to Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the Projected Unit Credit Method.

The Company fully contributes all ascertained liabilities to the Ajanta Pharma Limited Group Gratuity Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by laws of India.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. The effect of any plan amendments are recognized in the Statement of Profit and Loss.

(ii) Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

present value of the defined benefit obligation at the balance sheet date.

Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

(iv) Share-based compensation

Employees Stock Options Plans ("ESOPs"): The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Stock Options Outstanding Reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

The company recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with Ind AS 102, Share-Based Payment.

6.11. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

6.12. Lease

The Company's lease asset classes primarily consist of leases for land and buildings. 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: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the generally accepted interest rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition

Effective 1 April, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the generally accepted interest rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the generally accepted interest rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset and a lease liability. The cumulative effect of applying the standard, was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of 31 March 2019 under Ind AS 17 disclosed under Note 52 and the value of the lease liability as of 1 April 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The interest rate applied to lease liabilities as at 1 April 2019 is 8.50%.

6.13. Government Grants

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant;

- In case of capital grants, they are then recognised in Standalone Statement of Profit and Loss as other income on a systematic basis over the useful life of the asset.

- In case of grants that compensate the Company for expenses incurred are recognised in Standalone Statement of Profit and Loss on a systematic basis in the periods in which the expenses are recognised.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

6.14. Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive

Notes to the Standalone Financial Statements

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potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

6.15. Income Taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

6.16. Dividends to Shareholders

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

6.17. Provisions, Contingent Liabilities, Contingent Assets and Commitments

General

Provisions (legal and constructive) are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If there is any expectation that some or all of the provision will be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any virtually certain reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimates is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

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for the year ended 31 March 2020

Contingent liabilities are not recognised but disclosed in the standalone financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets and Non-cancellable operating lease.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Asset Retirement Obligation

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

6.18. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date in accordance with Ind AS 113.

Financials Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value received from Bank.
- Mutual Funds are measured at fair values as per Net Asset Value (NAV).
- Employee Stock Option Plan (ESOP) at fair values as per Actuarial Valuation Report.

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

7. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

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8. Property, plant and equipment, capital work-in -progress, investment property and other intangible assets

8.1.Current year

₹ in Crore

Particulars	Gross block (Cost or deemed cost)				Accumulated depreciation/ amortization loss				Net block
	1 April 2019	Additions	Disposals	31 March 2020	1 April 2019	For the year	Disposals	31 March 2020	31 March 2020
(A) Property, plant and equipment									
Freehold land	153.75	-	-	153.75	-	-	-	-	153.75
Buildings	403.86	132.06	-	535.92	87.68	13.54	-	101.22	434.70
Plant and equipments	631.00	184.53	2.81	812.72	176.00	39.30	0.56	214.74	597.97
Laboratory equipment	140.60	14.62	4.69	150.53	37.03	12.62	1.56	48.09	102.44
Furniture and fixtures	70.52	9.32	0.09	79.74	39.96	4.34	0.06	44.24	35.51
Vehicles	3.52	0.35	0.03	3.84	2.37	0.21	0.01	2.57	1.27
Office equipments	21.38	3.16	0.18	24.36	13.63	2.31	0.13	15.81	8.55
Computers	32.05	3.50	1.16	34.39	21.62	4.26	1.05	24.83	9.56
Total	**1,456.68**	**347.54**	**8.96**	**1,795.23**	**378.28**	**76.59**	**3.37**	**451.50**	**1,343.74**
(B) Other Intangible assets									
Computer Software	16.72	7.05	-	23.76	10.07	3.12	-	13.19	10.57
Total	**16.72**	**7.05**	**-**	**23.76**	**10.07**	**3.12**	**-**	**13.19**	**10.57**
Total (A) + (B)	**1,473.40**	***354.59**	**8.96**	**1,818.99**	**388.35**	**79.71**	**3.37**	**464.69**	**1,354.31**
(C) Investment Property	**10.93**	**-**	**-**	**10.93**	**1.05**	**0.49**	**-**	**1.54**	**9.39**
(D) Capital work in progress									**131.06**
Total property, plant and equipment, capital work-in -progress and other intangible assets (A) + (B) + (C) + (D)									**1,494.76**

*Addition includes ₹ 2.12 Crore used for Research and Development.

8.2. Previous Year

₹ in Crore

Particulars	Gross block (Cost or deemed cost)				Accumulated depreciation/ amortization loss				Net block
	1 April 2018	Additions	Disposals	31 March 2019	1 April 2018	For the year	Disposals	31 March 2019	31 March 2019
(A) Property, plant and equipment									
Freehold land	142.00	11.75	-	153.75	-	-	-	-	153.75
Lease hold land	31.21	40.08	-	71.29	3.48	0.70	-	4.18	67.11
Buildings	340.84	63.02	-	403.86	76.79	10.89	-	87.68	316.18
Plant and equipments	576.73	54.73	0.46	631.00	142.56	33.71	0.27	176.00	455.00
Laboratory equipment	131.85	8.74	-	140.59	25.16	11.87	-	37.03	103.56
Furniture and fixtures	64.32	6.45	0.25	70.52	36.07	3.94	0.05	39.96	30.56
Vehicles	4.19	0.27	0.94	3.52	3.06	0.21	0.90	2.37	1.15
Office equipments	19.60	2.93	1.15	21.38	12.51	1.94	0.82	13.63	7.75
Computers	27.30	5.87	1.12	32.05	19.49	3.16	1.03	21.62	10.43
Total	**1,338.04**	**193.85**	**3.92**	**1,527.97**	**319.12**	**66.42**	**3.07**	**382.47**	**1,145.49**
(B) Other Intangible assets									
ANDA Development Cost	15.93	-	-	15.93	15.93	-	-	15.93	-
Computer Software	14.48	2.24	-	16.72	7.08	2.99	-	10.07	6.65
Total	**30.41**	**2.24**	**-**	**32.65**	**23.01**	**2.99**	**-**	**26.00**	**6.65**
Total (A) + (B)	**1,368.45**	***196.09**	**3.92**	**1,560.62**	**342.13**	**69.41**	**3.07**	**408.47**	**1,152.14**
(C) Investment Property	**10.93**	**-**	**-**	**10.93**	**0.56**	**0.49**	**-**	**1.05**	**9.88**
(D) Capital work in progress									**261.29**
Total property, plant and equipment, capital work-in -progress and other intangible assets (A) + (B) + (C) + (D)									**1,423.31**

*Addition includes ₹ 78.28 Crore used for Research and Development.

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

8.3.Current year

₹ in Crore

Particulars	Gross block (Cost or deemed cost)				Accumulated depreciation/ amortization loss				Net block
	1 April 2019	Additions	Disposals	31 March 2020	1 April 2019	For the year	Disposals	31 March 2020	31 March 2020
Right-of-use assets									
Right-of-use (leasehold properties)	28.14	1.45	-	29.59	-	10.09	-	10.09	19.50
Right-of-use (leasehold land)	67.12	-	-	67.12	-	1.00	-	1.00	66.12
	95.26	**1.45**	**-**	**96.71**	**-**	**11.09**	**-**	**11.09**	**85.62**

9. Investments (Non current)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Unquoted (At cost)		
Investment in equity instruments at amortised cost		
In Subsidiary Companies		
Ajanta Pharma (Mauritius) Ltd.		
6,13,791 (31 March 2019 6,13,791) Ordinary Shares of Mauritian Rupees 100 each fully paid up	9.44	9.44
Ajanta Pharma USA Inc		
10,000 (31 March 2019 10,000) Common Stock of US $ 100 each fully paid up	6.44	6.07
Ajanta Pharma Philippines Inc.		
20,00,000 (31 March 2019 20,00,000) Ordinary Shares of Philippines Peso 100 each fully paid up	1.38	1.38
Ajanta Pharma Nigeria Ltd		
6,00,00,000 (31 March 2019 6,00,00,000) Ordinary Shares of Nigerian Naira 1 each fully paid up	1.37	1.37
In Joint Venture		
Turkmenderman Ajanta Pharma Ltd. (Refer Note 55)		
2,00,000 (31 March 2019 2,00,000) Shares of US $ 10 each fully paid-up	-	-
In Others at fair value		
OPGS Power Gujarat Private Limited		
1,95,000 (31 March 2019 1,95,000) Shares of ₹ 0.19 each	-	-
(Current Year ₹ 37,050, 31 March 2019 ₹ 37,050)		
Total	**18.63**	**18.26**
Aggregate value of unquoted investments	18.63	18.26
Aggregate value of unquoted investments (net of impairment)	18.63	18.26
Aggregate market value of quoted investments	-	-
Aggregate amount of impairment in value of non current investment	6.95	6.95

The Company has made full provision for investment in aggregate value of unquoted investments in Turkmenderman Ajanta Pharma Limited in year 2014-15 and the carrying value of investment is considered as Nil

10. Loans

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good unless otherwise stated		
Security deposits	6.28	8.19
	6.28	**8.19**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

11. Other non-current financial assets

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good unless otherwise stated		
Prepaid lease	0.67	-
Financial asset at amortised cost	3.65	-
In deposit accounts with banks with maturity of more than 12 months from the balance sheet date		
- Under lien	4.58	2.53
- Others (Current Year ₹ 29,084 31 March 2019 ₹ 64,819)	-	0.01
Interest accrued on fixed deposits with Banks	0.19	0.12
	9.09	**2.66**

12. Non current tax assets (net)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Income tax paid (net provision ₹ 139.36, 31 March 2019 ₹ 120.71)	13.83	13.48
	13.83	**13.48**

13. Other non-current assets

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good unless otherwise stated		
Capital advances	4.49	5.72
Vat receivable	0.85	0.91
Octroi refund receivable	0.52	0.52
	5.86	**7.15**

14. Inventories

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials	173.88	148.63
Packing materials	47.85	42.14
Work-in-progress	39.95	35.31
Finished goods (including in transit ₹ 44.12 Crore, 31 March 2019 ₹ 46.35 Crore)	145.53	148.05
Stock-in-trade (including in transit ₹ 1.95 Crore, 31 March 2019 ₹ 1.45 Crore)	28.98	40.13
	436.19	**414.26**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

15. Current investments (Fair value through statement of profit or loss)

₹ in Crore

Particulars	Face Value ₹	No. of Units*	As at 31 March 2020	As at 31 March 2019
Unquoted				
Zero Coupon Bond Aditya Birla Finance Ltd.	1,000,000	250	31.14	27.77
		(250)		
Zero Coupon Bond Aditya Birla Housing Finance Ltd.	1,000,000	200	20.66	-
		(-)		
			51.80	**27.77**
Investments in mutual funds				
Quoted				
Aditya Birla Sun Life Arbitrage Fund Growth-Direct	10	7,332,373	15.34	-
		(-)		
ICICI Prudential Liquid Fund Direct Plan Daily Dividend	10	-	-	10.48
		(1,046,073)		
Franklin India Low Duration Fund - Growth	10	-	-	0.22
		(103,140)		
DSP BlackRock India Enhanced SatCore Fund C B-2.18	10	-	-	26.27
		(2,500,000)		
			15.34	**36.97**
Aggregate value of current investments			**67.14**	**64.74**
* Figures in Brackets are for 31 March 2019				
Aggregate value of unquoted investments (net of impairment)			51.80	27.77
Aggregate value of quoted investments and market value			15.34	36.97
Aggregate amount of impairment in value of investments			-	-

16. Trade receivables

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good unless otherwise stated		
Trade receivables considered good	735.93	424.10
Trade receivables credit impaired	10.91	4.28
	746.84	**428.30**
Less: Loss allowance		
Trade receivables considered good	(1.69)	(0.72)
Trade receivables credit impaired	(10.91)	(4.28)
	(12.60)	(5.00)
Total Trade receivables	**734.24**	**423.38**
Break-up of security details		
(i) Trade receivables considered good- Secured	-	-
(ii) Trade receivables considered good- Unsecured	734.24	423.38
(iii) Trade receivables which have significant increase in Credit Risk	-	-
(iv) Trade receivables - credit impaired	12.60	5.00

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

16. Trade receivables (Contd..)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Total	**746.84**	**428.38**
Loss Allowance	(12.60)	(5.00)
Total Trade receivables	**734.24**	**423.38**

There are no other trade receivables which have signinficant increase in credit risk, Refer note 48 B for information about credit risk and market risk of trade receivables

The loss allowance on trade receivable has been computed on the basis of Ind AS 109, Financial Instruments which require such allowance to be made even for trade receivable considered good on the basis that credit risk exists even though it may be very low. The Company exposure to credit and currency risk and loss allowance related to trade receivable are disclosed in note 48

Trade receivables includes debts due from subsidiary companies (Current Year ₹ 478.91 Crore, 31 March 2019 ₹ 245.78 Crore) refer note 54

17. Cash and cash equivalents

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents (as per Ind AS-7 - "Statement of cash flows")		
Bank Balances		
- In Current Accounts	29.96	11.75
- In EEFC Accounts	54.96	18.74
Cash on hand	0.02	0.03
	84.95	**30.52**

18. Bank balances other than cash and cash equivalent

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Earmarked balances with banks		
- Unpaid dividend	0.77	0.75
In deposit accounts (with original maturity of more than 3 months but expected to mature within 12 months from balance sheet date)		
- Under lien	2.13	4.60
- Others (Current Year ₹ 45,195, 31 March 2019 ₹ 10,000)	-	-
	2.90	**5.35**

19. Loans

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good unless otherwise stated		
Advance to employees	4.93	4.34
Loan to employees	1.35	1.69
	6.28	**6.03**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

20. Other current financial assets

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Interest receivable	0.36	0.31
Mark to market derivative asset	-	6.70
Insurance receivable	2.73	-
	3.09	**7.01**

21. Other current assets

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Advances other than capital advances		
Advance to vendors		
- considered good	17.68	10.33
- credit impaired	-	-
	17.68	**10.33**
Less:provision for credit impaired	-	-
	17.68	**10.33**
Prepaid expenses	18.72	8.80
Other advances recoverable	0.31	0.13
Balance with Statutory/Govt. Authorities		
GST receivable	11.77	47.96
Custom duty receivable	2.51	-
Export benefits receivable	29.30	29.95
	80.29	**97.17**

22. Equity share capital

Particulars	31 March 2020		31 March 2019	
	Number of Shares	₹ in Crore	Number of Shares	₹ in Crore
Authorised				
Equity shares of ₹ 2 each	150,000,000	30.00	150,000,000	30.00
Issued, subscribed and paid up:				
Issued, subscribed and fully paid up Equity Shares of ₹ 2 each	87,261,270	17.45	87,253,770	17.45
Add :- Shares Forfeited	766,500	0.09	766,500	0.09
Total	**88,027,770**	**17.54**	**88,020,270**	**17.54**

22.1. Movement in equity share capital

Particulars	31 March 2020		31 March 2019	
	Number of Shares	₹ in Crore	Number of Shares	₹ in Crore
Equity shares outstanding at the beginning of the year	87,253,770	17.45	88,014,500	17.60
Add: Equity shares allotted during the year against option's exercised under employee stock option plan	7,500	0.00*	8,500	0.00#
Less: Equity Shares extinguished on buyback of shares	-	-	(769,230)	(0.15)
Equity Shares outstanding at the end of the year	**87,261,270**	**17.45**	**87,253,770**	**17.45**

* ₹ 15,000 # ₹ 17,000

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

22.2. Rights attached to equity shares

The Company has only one class of equity shares with voting rights having a par value of ₹ 2 per share. The Company declares and pays dividends in Indian Rupees. Any interim dividend paid is recognised on the approval by Board of Directors.

The following dividends were declared and paid by the Company during the year ended:

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Interim and final equity dividend were declared and paid for financial year 2018-19 at ₹ 9 per equity share	-	79.22
Interim and final equity dividend were declared and paid for financial year 2019-20 at ₹ 13 per equity share	113.44	-
Dividend distribution tax on the equity dividend paid above	2.50	0.37
Total	**115.94**	**79.59**

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

Dividends and tax thereon have not been recognised as liabilities in the year to which they pertain to and is recorded in the year in which they have been approved in the Annual General Meeting.

22.3. Details of shareholders holding more than 5% equity shares

Name of Shareholders	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	% holding	Number of Shares	% holding
Yogesh M Agrawal, Trustee Yogesh Agrawal Trust	12,639,934	14.49	12,639,934	14.49
Rajesh M Agrawal, Trustee Rajesh Agrawal Trust	12,639,933	14.49	12,639,933	14.49
Ravi Purushottam Agrawal, trustee Ravi Agrawal Trust	12,545,180	14.38	12,545,180	14.38
Aayush Madhusudan Agrawal, trustee Aayush Agrawal Trust	12,540,389	14.37	12,540,389	14.37
Gabs Investments Private Limited	8,392,262	9.62	8,392,262	9.62

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
	Number of Shares	Number of Shares
22.4. Equity shares reserved for issuance under Employee Stock Options Scheme 2011 of the Company		
Equity shares	1,133,250	1,140,750
22.5. Equity shares reserved for issuance under Share based Incentive Plan 2019 of the Company		
Equity shares	500,000	-
22.6. Aggregate number of equity shares issued during last five years pursuant to Employee Stock Options Scheme 2011		
Equity shares	192,000	184,500

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

₹ in Crore

Particulars	As at 31 March 2020 Number of Shares	As at 31 March 2019 Number of Shares
22.7. Equity Shares allotted as fully paid up bonus Shares during the period of five years immediately preceding the balance sheet date		
Bonus Shares issued in F.Y. 2013-2014	29,292,250	29,292,250
Bonus Shares on allotment of ESOP in F.Y. 2014-15	22,250	22,250
Bonus Shares on allotment of ESOP in F.Y. 2015-16	19,250	19,250
Bonus Shares on allotment of ESOP in F.Y. 2016-17	1,250	1,250

22.8. The Company is not a subsidiary company.

23. Other equity

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Capital redemption reserve		
Balance at the beginning of the year	2.25	2.10
Add : amount transferred upon buyback of shares	-	0.15
Balance as at the year end	**2.25**	**2.25**
Securities premium		
Balance at the beginning of the year	-	77.42
Add : addition during the year	1.05	1.20
Less: utilisation for buyback of shares	-	(78.62)
Balance as at the year end	**1.05**	**-**
General reserve		
Balance at the beginning of the year	879.62	901.00
Less: transferred to capital redemption reserve		(0.15)
Less: utilised for buyback of shares	-	(21.23)
Balance as at the year end	**879.62**	**879.62**
Employee stock options outstanding account		
Balance at the beginning of the year	1.10	1.63
Add : share based payment expense	0.42	0.67
Less : exercised during the year	(1.05)	(1.20)
Balance as at the year end	**0.47**	**1.10**
Other items of other comprehensive income (Re-measurement gains (losses) on defined benefit plans)		
Balance at the beginning of the year	(2.58)	(1.30)
Add : amount transferred	(2.55)	(1.28)
Balance as at the year end	**(5.13)**	**(2.58)**
Retained earnings		
Balance at the beginning of the year	**1,244.15**	**932.97**
Transition impact of Ind AS 116 (Refer Note 52)	(3.85)	-
Restated balance as 1 April 2019	**1,240.30**	
Profit for the year	441.13	391.76
Less: Appropriations		
- Interim dividend on equity shares	113.44	79.22
- Corporate tax on interim dividend	2.48	0.37
- Expense relating to buyback of shares	-	0.99
Balance at the year end	**1,565.51**	**1,244.15**
Total	**2,443.76**	**2,124.54**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

24. Lease liability

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Lease liability	11.97	-
	11.97	**-**

25. Other non-current financial liabilities

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits payable	0.46	0.33
	0.46	**0.33**

26. Provisions (non-current)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits (net)		
Gratuity (Refer note 46.2)	2.63	0.94
Compensated absences (Refer note 46.3)	13.02	12.50
	15.65	**13.44**

27. Deferred tax liabilities (net)

₹ in Crore

Particulars		As at 31 March 2020	As at 31 March 2019
Tax effect of items constituting - Deferred tax liabilities			
Difference in tax base of property, plant and equipment	(A)	89.89	87.18
Unrealised gain/loss on securities carried at FVOCI/FVTPL	(B)	1.43	2.79
Tax effect of items constituting - Deferred tax assets			
MAT credit entitlement	(C)	-	20.18
Disallowance under income tax	(D)	10.16	10.89
Deferred tax liabilities (net)	**(A+B)-(C+D)**	**81.16**	**58.90**

28. Other non current liabilities

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred government grant	3.67	-
	3.67	**-**

29. Trade payables

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises	8.99	9.39
Total outstanding dues of creditors other than micro enterprises and small enterprises	293.78	176.14
	302.77	**185.53**

(Refer note 58 for disclosures relating to Micro and Small Enterprises)

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

30. Other current financial liabilities

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Unpaid dividend*	0.77	0.75
Unpaid sale proceeds of fractional shares*	-	0.01
Capital creditors	41.76	53.96
Book overdraft	3.66	18.29
Employee benefits payable	11.76	10.35
Sales returns for expired goods (Refer note 51.2)	26.04	10.66
Mark to market derivative liability	14.49	-
Other payables	0.09	-
	98.57	**94.02**

*There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31 March 2020.

31. Lease liabilities

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Lease liabilities	11.52	-
	11.52	**-**

32. Other current liabilities

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Advances from customers	37.91	15.08
Deferred government grant	0.33	-
Statutory dues payable	4.95	4.46
	43.19	**19.54**

33. Provisions (current)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits (net)		
Gratuity (Refer note 46.2)	5.77	4.65
Compensated absences (Refer note 46.3)	3.39	3.02
	9.16	**7.67**

34. Current tax liabilities (net)

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for tax (net of advance tax ₹ 139.36 Cr. (31 March 2019 ₹ 120.71 Cr.))	9.73	-
	9.73	**-**

Notes to the Standalone Financial Statements
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35. Revenue from operations

₹ in Crore

Particulars	31 March 2020	31 March 2019
Sale of products (Refer note 51)		
Finished goods	1,892.25	1,493.94
Stock-in-trade	274.82	237.42
Other operating revenues		
Export incentives	26.07	38.93
Others	3.28	2.33
	2,196.42	**1,772.62**

36. Other income

₹ in Crore

Particulars	31 March 2020	31 March 2019
Dividend from subsidiary companies	101.30	77.42
Income from financial assets carried at FVTPL		
Dividend from investments in mututal funds	3.35	4.06
Gain on investment at FVTPL	4.86	5.59
Gain on financial instrument at FVTPL	-	8.21
Income on financial assets carried at amortised cost		
Interest on deposits with banks	0.51	0.45
Interest From others	0.45	2.77
Exchange difference (Net)	66.95	2.84
Miscellaneous income	6.78	0.81
	184.20	**102.15**

37. Cost of materials consumed

₹ in Crore

Particulars	31 March 2020	31 March 2019
Raw material consumed	438.92	301.40
Packing material consumed	117.30	87.31
	556.22	**388.71**

38. Purchases of stock-in-trade

₹ in Crore

Particulars	31 March 2020	31 March 2019
Purchases of stock-in-trade	98.73	70.79

39. Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Crore

Particulars	31 March 2020	31 March 2019
Inventories at the beginning of the year :		
Finished goods	148.05	120.92
Work-in-progress	35.31	11.04
Stock-in-trade	40.12	24.14
(A)	**223.48**	**156.10**
Inventories at the end of the year :		
Finished goods	145.53	148.05
Work-in-progress	39.95	35.31
Stock-in-trade	28.98	40.13
(B)	**214.46**	**223.49**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

39. Changes in inventories of finished goods, work-in-progress and stock-in-trade (Contd..)

₹ in Crore

Particulars	31 March 2020	31 March 2019
Changes in inventories :		
Finished goods	2.52	(27.13)
Work-in-progress	(4.64)	(24.27)
Stock-in-trade	11.14	(15.99)
(A) - (B)	**9.02**	**(67.38)**

40. Employee benefits expense

₹ in Crore

Particulars	31 March 2020	31 March 2019
Salaries, wages and bonus	404.25	359.68
Contribution to provident and other funds	24.82	20.69
Gratuity expense	4.88	3.90
Share based payment expense (Refer note 47)	0.06	0.67
Staff welfare expenses	3.81	4.43
	437.82	**389.37**

41. Finance cost

₹ in Crore

Particulars	As at 31 March 2020	As at 31 March 2019
Interest expenses	9.10	0.41
	9.10	**0.41**

42. Depreciation and amortisation expense

₹ in Crore

Particulars	31 March 2020	31 March 2019
Depreciation on property, plant and equipment (Refer note 8)	76.59	66.91
Amortisation on intangible assets (Refer note 8)	3.12	2.50
Amortisation on right-of-use assets (Refer note 8)	11.09	-
Amortisation on investment property (Refer note 8)	0.49	0.49
	91.29	**69.90**

43. Other expenses

₹ in Crore

Particulars	31 March 2020	31 March 2019
Selling expenses	157.84	127.90
Clearing and forwarding	66.20	49.30
Travelling expenses	50.20	44.30
Processing charges	18.40	18.36
Power and fuel	38.56	33.77
Advertisement and publicity	1.40	1.34
Consumption of stores and spare parts	34.52	40.02
Rent (Refer note 52)	1.72	15.75
Rates and taxes	1.28	0.69
Legal and professional fees	13.41	10.56
Postage, telephone and stationery expenses	5.63	5.60

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

43. Other expenses (Contd..)

₹ in Crore

Particulars	31 March 2020	31 March 2019
Repairs and maintenance		
- Buildings	3.10	2.45
- Plant and machinery	23.69	22.91
- Computers and others	6.79	5.35
Insurance	5.95	5.47
Donation	0.15	0.01
Impairment loss on financial assets	8.26	8.48
Directors sitting fees	0.21	0.24
Clinical and anaytical charges	29.46	47.10
Loss on sale/discard of property, plant and equipment (net)	0.10	0.23
Product registration expenses	38.30	32.41
Corporate social responsibility expenses (Refer note 55)	14.97	11.41
Commission to directors	4.76	3.83
Loss on financial instrument at FVTPL	14.49	-
Miscellaneous expenses	22.46	22.44
	561.85	**509.92**

44. Capital management:

Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return (EBIT) on capital, as well as the level of dividends to equity shareholders. Company's target is to achieve a return on capital above 30%; in 2019-20 the return was 25% and in 2018-19 the return was 24%.

45. Basic and diluted earnings per share is calculated as under:

The numerator and denominator used to calculate basic and diluted earnings per share:

₹ in Crore

Particulars		31 March 2020	31 March 2019
Profit attributable to equity shareholders for Basic EPS (₹ in Crore)	(A)	441.13	391.76
Add: Dilutive effect on profit (₹ in Crore)	(B)	Nil	Nil
Profit attributable to equity shareholders for Diluted EPS (₹ in Crore)	(C=A+B)	441.13	391.76
Weighted average number of equity shares outstanding for Basic EPS	(D)	8,72,58,770	8,80,01,113
Add: Dilutive effect of option outstanding number of equity shares *	(E)	6,488	13,453
Weighted average number of equity shares for Diluted EPS	(F=D+E)	8,72,65,258	8,80,14,566
Face value per equity share (₹)		2	2
Basic earnings per share (₹)	(A/D)	50.55	44.51
Diluted earnings per share (₹)	(C/F)	50.55	44.51

*On account of Employee Stock Option Scheme (ESOS)-(Refer note 47).

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

46. Employee Benefits

As required by Ind AS 19 'Employee Benefits' the disclosures are as under:

46.1. Defined contribution plans

The Company offers its employees defined contribution plans in the form of provident fund (PF) and Employees' pension scheme (EPS) with the government, and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees and the ESI covers certain employees. Contributions are made to the Government's administered funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into the Pension fund is made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

During the year, the Company has made the following contributions:

₹ in Crore

Particulars	31 March 2020	31 March 2019
Provident fund and employee's pension scheme	23.29	18.43
Employees state insurance and others	1.53	2.26
	24.82	**20.69**

46.2. Defined benefit plans

Gratuity:

The Company makes annual contributions to Employees' Group Gratuity-cum Life Assurance (Cash Accumulation) Scheme of LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

On normal retirement / early retirement / withdrawal / resignation:

As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service with a maximum limit of ₹ 0.20 crores.

On the death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at the Balance Sheet date:

₹ in Crore

Particulars	31 March 2020	31 March 2019
i) Changes in Defined Benefit Obligation		
Opening defined benefit obligation	28.52	23.45
Current service cost	4.64	3.47
Interest cost	1.83	1.48
Actuarial loss / (gain)		
- changes in financial assumptions	1.46	0.31
- changes in demographic assumptions	*	Nil
- experience adjustments	2.40	1.78
Past service cost	Nil	Nil
Benefit (paid)	(2.28)	(1.97)
Closing defined benefit obligation	**36.57**	**28.52**

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

46.2. Defined benefit plans (Contd..)

₹ in Crore

	Particulars	31 March 2020	31 March 2019
ii)	**Changes in Value of Plan Assets**		
	Opening value of plan assets	22.93	15.90
	Interest Income	1.59	1.05
	Return on plan assets excluding amounts included in Interest Income	(0.05)	0.12
	Contributions by employer	5.98	7.83
	Benefits (paid)	(2.28)	(1.97)
	Closing value of plan assets	**28.17**	**22.93**
iii)	**Amount recognised in the Balance Sheet**		
	Present value of funded obligations as at year end	36.57	28.52
	Fair value of the plan assets as at year end	(28.17)	(22.93)
	Net liability recognised as at the year end	**8.40**	**5.59**
iv)	**Expenses recognised in the Statement of Profit and Loss**		
	Current service cost	4.64	3.47
	Net Interest cost	0.24	0.43
	Net expenses recognised in the Statement of Profit and Loss	**4.88**	**3.90**
	Expenses recognised in the Statement of Other Comprehensive Income		
	Net actuarial loss/(gain) recognized in the current year		
	- changes in financial assumptions	1.46	0.31
	- change in demographic assumption	*	Nil
	- experience adjustments	2.40	1.78
	Return on plan assets excluding amounts included in Interest Income	0.05	(0.12)
	Net Expenses recognised in the Statement of Other Comprehensive Income	**3.91**	**1.97**
v)	**Asset information**		
	Insurer Managed Funds (100%)	100%	100%
	(Fund is Managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available)		
vi)	**Principal actuarial assumptions used**		
	Discount rate (p.a.)	6.45%	7.15%
	Salary growth rate (p.a.)	9.00% for next 1 years and 7.00% thereafter	9.00% for next 2 years and 7.00% thereafter
	Average Remaining Service (Years)	6.07	5.70
	Withdrawal Rate (%)		
	Age Band		
	25 and below	40	40
	26 to 35	24	24
	36 to 45	12	12
	46 and above	8	8
vii)	**Estimate of amount of contribution in immediate next year**	**5.77**	**4.65**

*(Current year ₹ (32,538), Nil for 31 March 2019)

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

46.2. Defined benefit plans (Contd..)

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	35.51	37.70	27.76	24.47
Salary growth rate (0.5% movement)	37.53	35.63	29.23	22.59

Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of sensitivity of assumptions. The estimate of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

46.3. Leave Encashment

The Company's employees are entitled for compensated absences which are allowed to be accumulated and encashed as per the Company's rule. The liability of compensated absences, which is non-funded, has been provided based on report of independent actuary using "Projected Unit Credit Method".

Accordingly ₹ 16.41 Crore (Pr. Yr. ₹ 15.52 Crore) being liability as at the year-end for compensated absences as per actuarial valuation has been provided in the accounts.

47. Share based payments

Company has established "Employees Stock Option Scheme 2011" ('ESOS – 2011') as approved in earlier year by the shareholders of the Company and Compensation committee of Board of Directors for key Employees of the Company. The options issued under the above scheme vest in a phased manner.

During the year 500 option have been granted by the Company under the Share based Incentive Plan 2019 to the employees of the Company.

Grant Date	No. of Option Granted	No. of Option Cancelled	Exercise price	Vesting Period
27 September 2019	500	Nil	2	22 August 2021

The options are granted at an exercise price which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2/- each.

The particulars of the options under ESOS 2011 and Share based Incentive Plan 2019 are as below:

₹ in Crore

Particulars	31 March 2020	31 March 2019
Option outstanding as at the beginning of the year	13,500	17,000
Add: Option granted during the year	500	7,000
Less: Option exercised during the year	7,500	8,500
Less: Option lapsed/cancelled during the year	Nil	2,000
Option outstanding as at the year end	6,500	13,500

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

47. Share based payments (Contd..)

Particulars	31 March 2020	Range of Exercise Prices	Weighted Average Exercise Prices	Weighted Average Contractual life
	Nos.	(₹)	(₹)	(Years)
Options outstanding as at the beginning of the Year	13,500	2.0	2.0	0.90
Add: Options granted during the Year	500	2.0	2.0	2.00
Less: Options exercised during the Year	7,500	2.0	2.0	NA
Less: Options lapsed/cancelled during the Year	Nil	Nil	Nil	Nil
Options outstanding as at the Year End	6,500	2.0	2.0	0.70

Particulars	31 March 2019	Range of Exercise Prices	Weighted Average Exercise Prices	Weighted Average Contractual life
	Nos.	(₹)	(₹)	(Years)
Options outstanding as at the beginning of the Year	17,000	2.0	2.0	0.90
Add: Options granted during the Year	7,000	2.0	2.0	2.00
Less: Options Exercised during the Year	8,500	2.0	2.0	NA
Less: Options lapsed/ cancelled during the Year	2,000	Nil	Nil	Nil
Options outstanding as at the Year End	13,500	2.0	2.0	0.91

Description of the method and significant assumptions used during the year to estimate the fair values of the options, including the following weighted average information:

Variables	Weighted Average Information					
Plan	ESOS 2011 /Share Based Incentive Plan 2019					
Particulars	1,000 option	3,000 option	3,000 option	1,500 option	5,000 option	500 option
Grant date	8-May-15	26-Jul-16	26-Jul-16	22-Aug-17	31-Oct-18	27-Sep-19
Last date for acceptance	8-Jun-15	26-Aug-16	26-Aug-16	22-Sep-17	30-Nov-18	22-Aug-21
Risk free rate (%)	8	7.3	7.3	7.5	7.4	5.2
Expected Life (years)	1 to 3	3 to 4	1 to 3	1 to 4	2	2
Volatility (%)	31.7	20.23	20.23	17.2	13.43	13.74
Dividend yield (%)	1.5	0.53	0.53	0.43	0.5	0.55
Price of the underlying share in the market at the time of option grant	₹ 1,264	₹ 1,478	₹ 1,702	₹ 1,153	₹ 1,058	₹ 1,055
Fair value of options	₹ 1,189	₹ 1,453	₹ 1,453	₹ 1,142	₹ 1,043	₹ 1,041
Exercise price	₹ 2	₹ 2	₹ 2	₹ 2	₹ 2	₹ 2

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

47. Share based payments (Contd..)

The particulars of the options under ESOS 2011 and Share based Incentive Plan 2019 granted to Employees of Subsidiary are as below:

Variables	**Weighted Average Information**				
Plan	**ESOS 2011 /Share Based Incentive Plan 2019**				
Particulars	**3,000 option**	**3,000 option**	**1,500 option**	**4,000 option**	**500 option**
Grant date	26 July 2016	26 July 2016	22 August 2017	31 October 2018	27 September 2019
Last date for acceptance	26 August 2016	26 August 2016	22 September 2017	30 November 2018	22 August 2021
Risk free rate (%)	7.3	7.3	7.5	7.4	5.2
Expected Life (years)	3 to 4	1 to 3	1 to 4	2	2
Volatility (%)	20.23	20.23	17.2	13.43	13.74
Dividend yield (%)	0.53	0.53	0.43	0.5	0.55
Price of the underlying share in the market at the time of option grant	₹ 1,478	₹ 1,702	₹ 1,153	₹ 1,058	₹ 1,055
Fair value of options	₹ 1,453	₹ 1,453	₹ 1,142	₹ 1,043	₹ 1,041
Exercise price	₹ 2	₹ 2	₹ 2	₹ 2	₹ 2

Valuation of stock options

The fair value of stock options granted during the period has been measured using the Black–Scholes option pricing model at the date of the grant. The Black-Scholes option pricing model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. They key inputs and assumptions used are as follows:

Share price: The closing price on NSE as on the date of grant has been considered for valuing the options granted.

Exercise Price: Exercise Price is the market price or face value or such other price as determined by the Remuneration and Compensation Committee.

Expected Volatility: The historical volatility of the stock till the date of grant has been considered to calculate the fair value of the options.

Expected Option Life: Expected Life of option is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised.

Expected dividends: Expected dividend yield has been calculated as an average of dividend yields for four years preceding the date of the grant.

Risk free interest rate: The risk free interest rate on the date of grant considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero coupon yield curve for Government Securities.

These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in future periods, stock based compensation expense could be materially impacted in future years. The estimated fair value of stock options is charged to income on a straight-line basis over the requisite service period of each separately vesting portion of the award as if the award was, in-substance, multiple awards.

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

48. Financial Instrument- Fair values and risk management

A. Fair value measurements

₹ in Crore

Financial instruments by category	31 March 2020		31 March 2019	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Mark to market derivative asset	-	-	6.70	-
Investments in subsidiaries	-	18.63	-	18.26
Investments in mutual funds	67.14	-	64.74	-
Investment in unquoted equity shares (current year ₹ 37,050, previous year ₹ 37,050)	-	-	-	-
Trade receivables	-	734.24	-	423.38
Non-current loans	-	6.28	-	8.19
Other non-current financial assets	-	9.09	-	2.66
Cash and cash equivalents	-	84.95	-	30.52
Bank balances other than cash and cash equivalents	-	2.90	-	5.35
Current loans	-	6.28	-	6.03
Insurance receivable	-	2.73	-	-
Export benefit receivable	-	29.30	-	29.95
Interest receivable	-	0.36	-	0.31
Total financial assets	**67.14**	**894.76**	**71.44**	**524.65**
Financial liabilities				
Book overdrafts	-	3.66	-	18.29
Other non-current financial liabilities	-	0.46	-	0.33
Non-current lease liabilities	-	11.97	-	-
Capital creditors	-	41.76	-	53.96
Unpaid dividend	-	0.84	-	0.76
Employee benefits payable	-	11.76	-	10.35
Current lease liabilities	-	11.52	-	-
Sales return for expired goods	-	26.04	-	10.66
Mark to market derivative liability	14.49	-	-	-
Other payables	-	0.03	-	-
Trade payables	-	302.77	-	185.53
Total financial liabilities	**14.49**	**410.81**	**-**	**279.88**

Fair value measurement of lease liabilities is not required.

Fair value hierarchy

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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

48. Financial Instrument- Fair values and risk management (Contd..)

₹ in Crore

Financial assets and liabilities measured at fair value	31 March 2020			31 March 2019		
	Level			Level		
	I	II	III	I	II	III
Financial assets						
Recurring fair value measurements						
Mark to Market Derivative Asset	-	-	-	-	6.70	-
Investments in Mutual Funds	15.34	51.80	-	64.74	-	-
Non Recurring fair value measurements						
Total Financial Assets	**15.34**	**51.80**	**-**	**64.74**	**6.70**	**-**
Financial liabilities						
Non Recurring fair value measurements						
Mark to Market Derivative Liability	-	14.49	-	-	-	-
Total Financial Liabilities	**-**	**14.49**	**-**	**-**	**-**	**-**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have declared buyback NAV. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (like Mark to Market 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 as 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.

Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used:

Type	Valuation Technique	Significant unobservable Inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative instruments	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

48. Financial Instrument- Fair values and risk management (Contd..)

B. Financial risk management

Company has exposure to following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk

Risk management framework

Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies, under the guidance of Audit Committee.

Company's risk management policies are established to identify and analyse the risks faced by it, 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 Company's activities. Company, through its training and procedures aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Company's Audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit committee.

i. Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and mutual funds, foreign exchange transactions and other financial instruments.

Impairment:

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

Particulars	31 March 2020		
	Carrying amount	Weighted average loss rate	Loss allowance
Group Debtors	475.17	*	*
Past due upto 180 days	258.78	0.71%	1.84
Past due 181-365 days	1.37	17.96%	0.25
Past dues 366 - 730 days	1.35	25.22%	0.34
Past dues 731 - 1096 days	1.64	100.00%	1.64
More than 1096 days	8.53	100.00%	8.53
	746.84		**12.60**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

48. Financial Instrument- Fair values and risk management (Contd..)

Particulars	31 March 2019		
	Carrying amount	Weighted average loss rate	Loss allowance
Group Debtors	294.81	*	*
Past due upto 180 days	113.40	-	-
Past due 181-365 days	8.59	5.49%	0.47
Past dues 366 - 730 days	8.68	18.85%	1.64
Past dues 731 - 1096 days	-	-	-
More than 1096 days	2.89	100.00%	2.89
	428.37		**5.00**

*Figures consist of customers which are wholly owned subsidiaries of the Company and management does not anticipate any credit risk for creating any loss allowance.

(a) Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables, which are non-interest bearing, are mainly from stockists, distributors and customers and are generally on 14 days to 270 days credit term excluding wholly owned subsidiaries. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

As at 31 March 2020, Company had 32 customers, excluding wholly owned subsidiaries (31 March 2019: 25 customers) that owed the company more than ₹ 0.50 crore each and accounted for approximately 28% and 29% respectively of the total outstanding as at 31 March 2020 and 31 March 2019.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.64% of total receivables is from wholly owned subsidiaries.

Sales to certain jurisdictions are either based on advance payments or restricted to certain limits to curtail exposures to credit risk.

Expected credit loss assessment

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macroeconomic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

Particulars	31 March 2020	31 March 2019
Gross Carrying amount	746.84	428.38
Average Expected loss rate	1.69%	1.17%
Carrying amount of trade receivables (net of impairment)	734.24	423.38

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

48. Financial Instrument- Fair values and risk management (Contd..)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Particulars	31 March 2020	31 March 2019
Balance as at the beginning of the year	5.00	5.80
Impairment loss recognised (net)	8.26	5.00
Amounts written off	0.66	5.80
Balance as at the year end	12.60	5.00

The impairment loss at 31 March, 2020 related to several customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

(b) Financial instruments

Company limits its exposure to credit risk by investing in liquid securities issued by mutual funds having a credit ranking of at least 3 and above from CRISIL or equivalent rating agency. Company monitors changes in credit risk by tracking published external credit ranking. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties.

ii. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt, and overdraft from banks at an optimised cost. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels.

Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next six months. The ratio of cash and cash equivalents and other highly marketable debt investments to outflows is 0.32 at 31 March 2020 (31 March 2019: 0.31).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

₹ in Crore

As at 31.03.2020	Carrying Amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Trade Payables Current	302.77	302.77	302.77	-	-	-
Other Financial Liabilities	84.52	84.52	84.06	0.46	-	-
Lease Liability	23.49	23.49	11.52	11.97	-	-
Mark to Market Derivative Liability						
- Outflow	14.49	14.49	14.49	-	-	-
Total	**425.27**	**425.27**	**412.84**	**12.43**	**-**	**-**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

48. Financial Instrument- Fair values and risk management (Contd..)

₹ in Crore

As at 31.03.2019	Carrying Amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Trade Payables Current	185.53	185.53	185.53	-	-	-
Other Current Financial Liabilities	94.35	94.35	94.02	0.33	-	-
Lease Liability	-	-	-	-	-	-
Mark to Market Derivative Liability						
- outflow	-	-	-	-	-	-
Total	**279.88**	**279.88**	**279.55**	**0.33**	**-**	**-**

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Company uses derivative financial instruments such as foreign exchange contracts to manage its exposures to foreign exchange fluctuations. All such transactions are carried out within the guidelines set by the risk management committee.

iv. Currency risk

Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of Company. The currencies in which these transactions are primarily denominated are US dollars and Euro.

At any point in time, Company covers foreign currency risk by taking appropriate percentage of its foreign currency exposure, as approved by risk management committee in line with the laid down policy approved by the Board. Company uses forward exchange contracts to mitigate its currency risk, most with a maturity of less than one year from the reporting date. In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The following table analyses foreign currency risk as of 31 March 2020:

₹ in Crore

Particulars	US Dollars	Euro	Total
Bank balances	54.89	0.07	54.96
Trade receivables	679.78	0.33	680.11
Trade Payables	9.13	1.22	10.35
Net assets / (liabilities)	**725.54**	**(0.82)**	**724.72**

The following table analyses foreign currency risk as of 31 March 2019:

₹ in Crore

Particulars	US Dollars	Euro	Total
Bank balances	18.68	0.83	19.51
Trade receivables	374.96	0.46	375.43
Trade Payables	9.13	7.25	16.38
Net assets / (liabilities)	**384.51**	**(5.96)**	**378.56**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

48. Financial Instrument- Fair values and risk management (Contd..)

For the year ended 31 March 2020 every percentage point depreciation / appreciation in the exchange rate for the closing balances between the Indian Rupee and respective currencies would affect the Company's incremental profit before tax as per below:

₹ in Crore

Particulars	Change in currency exchange rate	Effect on profit before tax
US Dollars (USD)	+1% / (-1%)	7.25 / (7.25)
Euro	+1% / (-1%)	(0.01) / 0.01

For the year ended 31 March 2019 every percentage point depreciation/appreciation in the exchange rate between the Indian Rupee and respective currencies has affected the Company's incremental profit before tax as per below:

₹ in Crore

Particulars	Change in currency exchange rate	Effect on profit before tax
US Dollars (USD)	+1% / (-1%)	3.85 / (3.85)
Euro	+1% / (-1%)	(0.06) / 0.06

49. Note on foreign currency exposures on assets and liabilities:

Disclosure on foreign currency forward contracts

During the year, the Company has entered into forward exchange contract, being derivative instruments to mitigate foreign currency risk, to establish the amount of currency in Indian Rupees required or available at the settlement date of certain payables and receivables.

The following are the outstanding foreign currency forward contracts entered into by the Company:

Particulars	31 March 2020 Foreign Currency Amt in Crore	31 March 2019 Foreign Currency Amt in Crore	Buy or Sell	Cross Currency
EURO	-	-	SELL	INR
USD	5.13	3.29	SELL	INR

50. Note on foreign currency exposures on assets and liabilities:

Disclosure on foreign currency exposures on assets and liabilities

The year-end foreign currency exposures that have not been mitigated by a derivative instrument or otherwise are as below:

Particulars	₹ in Crore	₹ in Crore	Foreign Currency Amt in Crore	Foreign Currency Amt in Crore	Foreign Currency
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	
Amount Receivable	291.47	147.35	3.85	2.13	USD
	0.33	0.46	*	0.01	EURO
Amount Payable	9.13	9.13	0.12	0.13	USD
	1.22	7.25	#	0.09	EURO

*Euro 39,777 # 147,037

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

51. Disaggregation of revenue

The operations of the Company are limited to only one segment viz. pharmaceuticals and related products. Revenue from contract with customers is from sale of manufactured goods and rendering of research services. Sale of goods are made at a point in time and revenue is recognised upon satisfaction of the performance obligations which is typically upon dispatch / delivery. The Company has a credit evaluation policy based on which the credit limits for the trade receivables are established. There is no significant financing component as the credit period provided by the Company is not significant.

51.1. Revenue

Primary geographical markets

₹ in Crore

Particulars	31 March 2020	31 March 2019
India	768.71	689.76
Africa		
- Branded	138.52	122.57
- Institution	244.39	195.67
Asia	572.27	460.62
USA	435.38	252.78
Others	7.80	9.96
Total revenue from contract with customers	**2167.07**	**1731.36**
Timing of revenue recognition		
Goods transferred at a point in time	2167.07	1731.36
Services transferred over time	-	-

Variable components such as discounts and rebates continue to be recognised as deduction from revenue in compliance with Ind AS 115.

₹ in Crore

Revenue Break-up	31 March 2020	31 March 2019
Revenue as per contracted price	2,331.02	1,791.34
Adjusted for:		
Trade Discounts	38.79	31.07
Sales Return (including provisions)	36.60	26.87
Others	88.56	2.04
	163.95	**59.98**
Net Revenue	**2167.07**	**1,731.36**

The company normally sells goods on credit which varies from 14 to 270 days in case of export sales. This does not involve any significant financing element.

More than 10% of Company's Revenue is from its subsidiary Ajanta Pharma USA Inc. for ₹ 434.96 Crore.

51.2. Provision of anticipated Return of Expired Goods subsequent to Sale:

Provision has been made towards probable return of goods from customers, as per Indian Accounting Standard (Ind AS) 37 estimated by management based on past trends.

₹ in Crore

Particulars	31 March 2020	31 March 2019
Balance at the beginning of the year	10.66	9.66
Add: Provisions made during the year	26.04	10.66
Less: Amount written back/utilized during the year	10.66	9.66
Balance at the end of the year	**26.04**	**10.66**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

52. Disclosure for operating leases under Ind AS 116 -“ Leases”:

Company has taken various premises under operating lease. These are generally cancellable and ranges from 11 months to 5 years and are renewable by mutual consent on mutually agreeable terms. Some of these lease agreements have price escalation clauses. There are no restrictions imposed by these lease arrangements and there are no sub leases. There are no contingent rents.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the generally accepted interest rate and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the generally accepted interest rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

On transition, the adoption of the new standard resulted in recognition of right-of-use asset and a lease liability. The cumulative effect of applying the standard, amounting to ₹3.85 crore was debited to retained earnings. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of 31 March 2019 under Ind AS 17 disclosed in Annual Report and the value of the lease liability as of 1 April 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The interest rate applied to lease liabilities as at 1 April 2019 is 8.50%.

Right-of-use assets

₹ in Crore

Particulars	Land and Buildings	Leasehold land	Total
Cost			
As at 1 April 2019	28.14	67.12	95.26
Additions	1.46	-	1.46
Disposals	-	-	-
Balance at 31 March 2020	29.60	67.12	96.72
Accumulated depreciation and impairment			
As at 1 April 2019	-	-	-
Depreciation	10.09	1.01	11.10
Impairment loss	-	-	-
Eliminated on disposals of assets	-	-	-
Balance at 31 March 2020	10.09	1.01	11.10

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

52. Disclosure for operating leases under Ind AS 116 -" Leases": (Contd..)

₹ in Crore

Carrying amounts	
As at 1 April 2019	96.72
Balance at 31 March 2020	85.62

Breakdown of lease expenses

₹ in Crore

Particulars	31 March 2020	31 March 2019
Short-term lease expense	1.72	4.24
Total lease expense	**1.72**	**4.24**

Cash outflow on leases

₹ in Crore

Particulars	31 March 2020
Repayment of lease liabilities	(13.71)
Total cash outflow on leases	**(13.71)**

Maturity analysis

₹ in Crore

Particulars	Less than 1 year	Over 1 years	Weighted average effective interest rate %
31 March 2020			
Lease liabilities	11.52	11.97	8.50
31 March 2019			
Lease liabilities	-	-	-

Undiscounted lease payments to be paid for operating leases

₹ in Crore

Particulars	31 March 2020	31 March 2019
Year 1	1.01	0.70
Year 1-5 years	0.33	1.07
Later than 5 years	-	-
Total	**1.34**	**1.77**

Impact of changes in accounting policies

The following table provides the extract of impacts of adopting Ind AS 116 on the financial statements

i. **Statement of financial position**

₹ in Crore

31 March 2020	Impact of changes in accounting policies		
	As previously reported	Adjustments	As restated
Right-of-use assets	-	96.72	96.72
Total assets	**-**	**96.72**	**96.72**
Lease liabilities	-	23.50	23.50
Total liabilities	**-**	**23.50**	**23.50**
Retained earnings	-	(3.85)	(3.85)
Total equity	**-**	**(3.85)**	**(3.85)**

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

52. Disclosure for operating leases under Ind AS 116 -" Leases": (Contd..)

ii. Statement of profit or loss and OCI

₹ in Crore

31 March 2020	Impact of changes in accounting policies		
	As previously reported	Adjustments	As restated
Lease expenses	14.33	(12.61)	1.72
Depreciation	81.21	10.09	91.29
Financing cost on leases	-	2.70	2.70
Loss/(Profit)	**95.54**	**0.18**	**95.71**

iii. Statement of cash flow

₹ in Crore

31 March 2020	Impact of changes in accounting policies		
	As previously reported	Adjustments	As restated
Profit	612.66	-	612.66
Adjustments for:			
Finance costs recognised in profit or loss	-	2.70	2.70
Depreciation and amortisation of non-current assets	-	10.09	10.09
Net cash from operating activities	**612.66**	**12.79**	**625.45**
Capital Expenditure on right to use asset	-	-	-
Net cash from investing activities	**612.66**	**12.79**	**625.45**
Repayment of borrowings	-	(13.71)	(13.71)
Net cash from financing activities	**612.66**	**(0.93)**	**611.73**

The following table provides extract of effect on both basic and diluted earnings per share

₹ in Crore

31 March 2020	Increase/ (decrease) in profit for the year attributable to owners of the Company	Increase/ (decrease) in basic earnings per share	Increase/ (decrease) in diluted earnings per share
	₹	₹ per share	₹ per share
Changes in accounting policies relating to:			
- adoption of Ind AS 116	(0.17)	(0.00)	(0.00)

The future minimum lease payments and payment profile of non-cancellable operating leases are as under:

₹ in Crore

Particulars	31 March 2020	31 March 2019
Not later than one year	1.01	0.70
Later than one year but not later than five years	0.33	1.07
Later than five years	Nil	Nil

53. Contingent Liabilities and commitments:

Contingent Liabilities

₹ in Crore

Particulars	31 March 2020	31 March 2019
i. Claims against the Company not acknowledged as debt	0.61	0.61
ii. Custom Duty on import under Advance License Scheme, pending fulfilment of Exports obligation.	1.19	1.92
iii. Disputed Octroi.		

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

53. Contingent Liabilities and commitments: (Contd..)

₹ in Crore

Particulars	31 March 2020	31 March 2019
Amount paid under protest and included under "Other Current Assets" ₹ 0.52 Crore (Previous Year ₹ 0.52 Crore)	0.52	0.52
iv. Excise duty, Service Tax, VAT and GST disputed by the Company	2.41	0.68
v. Income Tax demand disputed by the Company pending in appeal Amount paid and included under "Current Tax Assets" ₹ 0.97 Crore (Previous Year ₹ 0.97 Crore)	Nil	0.97
vi. Financial guarantees aggregating to ₹ 45.40 Crore (Previous Year ₹ 41.42) given to third party on behalf of subsidiaries for contractual obligations.	45.40	41.42

The Company does not expect the outcome of the matters stated above to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

Future cash outflows in respect of liability under clause (i) is dependent on terms agreed upon with the parties, in respect of clauses (ii) to (v) is dependent on decisions by relevant authorities of respective disputes, clause (vi) is a financial guarantee.

Supreme Court Judgement on computation of provident fund contribution

There has been a Supreme Court (SC) judgement dated 28th February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

Commitments

a) Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances ₹ 132.28 Crore (Pr. Yr. ₹ 260.18 Crore).

b) Other Commitments – Non-cancellable operating leases (Refer note 52).

54. Related party disclosure as required by Ind AS 24 are given below:

A) Relationships:

Category I- Subsidiaries:

Ajanta Pharma (Mauritius) Ltd	(APML)
Ajanta Pharma Mauritius International Ltd	(APMIL)
Ajanta Pharma Nigeria Limited	(APNL)
Ajanta Pharma USA Inc	(APUI)
Ajanta Pharma Philippines Inc.	(APPI)

Category II- Directors and Key Management Personnel:

Mr. Mannalal B. Agrawal	Chairman
Mr. Madhusudan B. Agrawal	Executive Vice-Chairman
Mr. Yogesh M. Agrawal	Managing Director
Mr. Rajesh M. Agrawal	Joint Managing Director
Mr. Chandrakant M. Khetan	Independent Director
Mr. K H. Viswanathan	Independent Director
Mr. Prabhakar R. Dalal	Independent Director
Dr. Anjana Grewal	Independent Director
Mr. Arvind Agrawal	Chief Financial Officer
Mr. Gaurang Shah	Company Secretary

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

54. Related party disclosure as required by Ind AS 24 are given below: (Contd..)

Category III-Enterprise over which persons covered under Category II above are able to exercise significant control:

Gabs Investments Private Limited

Seth Bhagwandas Agrawal Charitable Trust

Ganga Exports being represented by Mr. Yogesh Agrawal,

Mr. Rajesh Agrawal and Mr. Ravi Agrawal

Mannalal Agrawal Trust, Trustee - Mannalal Agrawal

Yogesh Agrawal Trust, Trustee - Yogesh M Agrawal

Rajesh Agrawal Trust, Trustee - Rajesh M Agrawal

Ravi Agrawal Trust, Trustee - Ravi P. Agrawal

Aayush Agrawal Trust, Trustee - Aayush Agrawal

Ajanta Pharma Limited Group Gratuity Trust

Samta Purushottam Agrawal Memorial Foundation

Manisha Yogesh Agrawal Foundation

Smriti Rajesh Agrawal Foundation

Ajanta Foundation

Category IV- Others (Relatives of Key Management Personnel):

Tanya Agrawal - Daughter of Managing Director

B) The following transactions were carried out with related parties:

₹ in Crore

Sr. No.	Particulars	Category	31 March 2020	31 March 2019
1.	**Sale of Goods**			
	APML	I	105.10	48.97
	APPI	I	105.77	93.73
	APMIL	I	4.23	27.01
	APUI	I	434.96	250.27
	APNL	I	(2.42)	2.02
2.	**Dividend from Subsidiary Companies**			
	APML	I	84.05	60.98
	APPI	I	17.25	16.45
3.	**Expenses Reimbursement to**			
	APUI	I	5.81	8.10
	APNL	I	0.60	0.95
4.	**Compensation to Key Management and Others**			
	Short Term Employee Benefits			
	Madhusudan B Agrawal	II	1.68	1.49
	Yogesh M Agrawal	II	8.38	8.02
	Rajesh M Agrawal	II	8.38	8.02
	Arvind Agrawal	II	1.24	1.10
	Gaurang Shah	II	0.54	0.50
	Tanya Agrawal	IV	0.06	0.03
	Post-employment benefits	II	0.28	1.21
5.	**Commission to executive director**			
	Yogesh M. Agrawal	II	2.34	1.88

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

54. Related party disclosure as required by Ind AS 24 are given below: (Contd..)

₹ in Crore

Sr. No.	Particulars	Category	31 March 2020	31 March 2019
	Rajesh M. Agrawal	II	2.34	1.88
6.	**Commission and Sitting Fees to Non-Executive Director**			
	Mannalal B. Agrawal	II	0.04	0.04
	Mr. Chandrakant M. Khetan	II	0.08	0.07
	Mr. K H. Viswanathan	II	0.06	0.06
	Mr. Prabhakar R. Dalal	II	0.06	0.06
	Dr. Anjana Grewal	II	0.05	0.05
	Dr. Anil Kumar	II	-	0.05
7.	**Dividend Paid**			
	Key Management Personnel	II	0.04	0.21
	Others	III	79.98	55.64
8.	**Commission from Subsidiary on Corporate Guarantee**			
	APUI	I	0.22	0.06
9.	**Corporate Social Responsibility Expense**			
	Seth Bhagwandas Agrawal Charitable Trust	III	0.34	Nil
	Samta Puroshattam Agrawal Memorial Foundation	III	9.40	5.40
	Manisha Yogesh Agrawal Foundation	III	0.05	-
	Smriti Rajesh Agrawal Foundation	III	0.05	-
	Ajanta Foundation	III	-	0.05
10.	**Contribution made to Group gratuity trust towards premium paid to LIC**			
	Premium paid	III	6.01	7.94
11.	**Investment in subsidiary**			
	APUI	I	0.37	-
12.	**Buyback of Equity Share**			
	Yogesh M Agrawal, Trustee Yogesh Agrawal Trust	III	-	14.31
	Rajesh M Agrawal, Trustee Rajesh Agrawal Trust	III	-	14.31
	Ravi P Agrawal, Trustee Ravi Agrawal Trust	III	-	14.93
	Aayush M Agrawal, Trustee Aayush Agrawal Trust	III	-	15.55
	Ganga Exports being represented by Yogesh Agrawal, Rajesh Agrawal and Ravi Agrawal	III	-	6.06

C) Amount outstanding as on 31 March 2020

₹ in Crore

Sr. No.	Particulars	Category	31 March 2020	31 March 2019
1.	**Trade receivables**			
	APPI	I	43.78	16.34
	APUI	I	431.24	227.17
	APNL	I	0.19	2.27
2.	**Investments in**			
	APML	I	9.44	9.44
	APPI	I	1.38	1.38
	APUI	I	6.44	6.07
	APNL	I	1.37	1.37
3.	**Trade payables**			
	APUI	I	1.61	0.26
	APNL	I	0.08	0.15

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

54. Related party disclosure as required by Ind AS 24 are given below: (Contd..)

₹ in Crore

Sr. No.	Particulars	Category	31 March 2020	31 March 2019
4.	**Advance received**			
	APML	I	19.92	3.60
	APMIL	I	2.69	6.85
5.	**Other receivables**			
	APUI	I	0.02	0.06
6.	**Commission payable to executive director**			
	Yogesh M. Agrawal	II	2.34	1.88
	Rajesh M. Agrawal	II	2.34	1.88
7.	**Commission payable to non-executive director**			
	Mr. Chandrakant M. Khetan	II	0.02	0.02
	Mr. K H. Viswanathan	II	0.02	0.02
	Mr. Prabhakar R. Dalal	II	0.02	0.02
	Dr. Anjana Grewal	II	0.02	0.02

Based on the internal and external transfer pricing review and validation, the Company believes that all transactions with associated enterprises are undertaken on the basis of arm's length principle and are in normal course.

55. Contribution towards corporate social responsibility ("CSR"):

As per section 135 of the Act, a CSR committee has been formed by the Company. The fund are utilised during the year on the activities which are specified in schedule VII of the Act. The utilisation is done by way of direct and indirect contribution towards various activities.

The particulars of CSR expenditure are as follows:

a) Gross amount required to be spent by the Company during the year is ₹ 10.89 Crore (Previous year: ₹ 11.27)

b) Amount spend during the year on:

₹ in Crore

Sr. No.	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction/ acquisition of asset	Nil	Nil	Nil
(ii)	On purposes other than (i) above	14.97	Nil	14.97

*includes paid to related parties ₹ 9.84 Crore (Refer note 54)

c) Amount spend during the previous year on:

₹ in Crore

Sr. No.	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction/ acquisition of asset	Nil	Nil	Nil
(ii)	On purposes other than (i) above	11.41	Nil	11.41

*includes paid to related parties ₹ 5.45 Crore (Refer note 54)

56. The Company has presented data relating to its segments based on its consolidated financial statements, which are presented in the same Annual Report. Accordingly, in terms of paragraph 4 of the Indian Accounting Standard (Ind AS 108) "Operating Segments", no disclosures related to segments are presented in this standalone financial statements.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

57. Remuneration to Auditors (excluding GST) :

₹ in Crore

Particulars	31 March 2020	31 March 2019
- Audit Fees	0.19	0.19
- Limited review	0.28	0.18
- For Certification and other matters (including OPE)	0.07	0.05

58. Details of dues to Micro And Small Enterprises as defined under the Micro, Small and Medium enterprises development act, 2006:

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

₹ in Crore

Particulars	31 March 2020	31 March 2019
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	8.99	9.39
Interest due on above	Nil	Nil
b. The amount of interest paid by the buyer as per Section 16 of the Micro, Small and Medium Enterprises Development Act 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act 2006.	Nil	Nil
d. The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act 2006.	Nil	Nil

59. Research and Development expenditure:

A unit of the Company has been recognised by DSIR as in house research and development unit. The Company claim 150% exemption under Sec. 35(2AB) of Income Tax Act 1961 for expenditure incurred on in house R&D activities.

₹ in Crore

Particulars	31 March 2020	31 March 2019
Amount in respect to		
Capital Expenditure	2.12	66.13
Revenue Expenditure	164.17	176.02
Total	**166.29**	**242.15**

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

60. The Company had entered into a Joint Venture ('JV') with JV Turkmenderman Ajanta Pharma Ltd. (TDAPL) where it had management control during the first 10 years of this contractual arrangement. However in terms of the JV agreement, the Company subsequently surrendered the management control in favour of the local partner and since then ceased to have any control on the operations of the JV. Further, TDAPL operates under severe restrictions that significantly impairs its ability to transfer the funds. Consequently, the Company had impaired it's entire investment in TDAPL and considers this as an unrelated party. The Company is also unable to obtain reliable and accurate financial information in respect of the said JV.

61. Expenses capitalised during the year represent direct attributable expenditure for setting up of plants prior to the date of commencement of commercial production. The same were capitalised on completion of projects and commencement of commercial operations. The details of expenses capitalised are:

₹ in Crore

Particulars	31 March 2020	31 March 2019
Opening Balance	7.56	-
Add: Incurred during the year		
Employee Benefit Expenses	6.14	2.80
Professional fees	0.05	0.07
Travelling expenses	0.45	0.19
Others	7.52	4.50
Total	**21.72**	**7.56**
Less: Capitalised to Tangible Assets	9.93	-
Closing Balance	**11.79**	**7.56**

62. Loss due to fire at Guwahati plant

Pursuant to an incident involving fire on 31 August 2019 at Guwahati plant, certain property, plant and equipment (PPE) and inventory were damaged. The Company has assessed the loss of inventory and PPE due to the said incident aggregating to ₹ 9.11 crore for inventory and ₹ 31.55 crore in respect of PPE (including repairs to PPE of ₹ 23.03 crore). The Company has recognized the loss aggregating to ₹ 27.20 crore on inventory and PPE, including the expenditure on repairs incurred during the year, as an exceptional item during the year ended 31 March 2020. The Company has a valid insurance contract with respect to these assets and has accordingly lodged a claim with the insurance company for ₹ 46.07 crore. The Company has recognised insurance claim compensation of ₹ 23.28 crore during the year as an exceptional item and has received amounts aggregating to ₹ 20.27 crore toward part payment of the claims from the Insurance company during the year.

63. Investment Properties

Rental income recognised in profit or loss for investment properties aggregates to ₹ 0.37 Crore (previous year ₹ 0.13 Crore). Maintenance and other expenses aggregating to ₹ 0.03 Crore (previous year ₹ 0.02 Crore).

Estimation of fair value

Fair value of Investment Properties aggregates to ₹ 14 crore approximately. The fair valuation of the assets is based on the perception about the macro and micro economic factors presently governing the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities, etc. This value is based on general market rate prevalent for similar properties in respective area.

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

64. Income Tax

Amount recognised in statement of profit and loss

₹ in Crore

	Particulars	31 March 2020	31 March 2019
a.	**Current income tax**	167.18	108.70
	Current tax on profit for the year	0.91	(0.04)
	Adjustment for current tax of prior periods		
	Total Current tax expenses	**168.09**	**108.66**
	Deferred tax expense/(benefit)		
	Origination and reversal of timing difference	3.45	21.93
	MAT Credit Entitlement	-	(9.30)
	Total Deferred Tax expenses	**3.45**	**12.63**
	Total Income tax expense recognized in the income statement	**171.54**	**121.29**

b. Reconciliation of effective tax rate

The following is a reconciliation of the company's effective tax rate

₹ in Crore

Particulars	31 March 2020	31 March 2019
Accounting profit before income taxes	612.67	513.05
Enacted tax rate in India (%)	34.94	34.94
Computed expected tax expenses	214.09	179.28
Effect of non-deductible expenses	10.04	10.33
Effect of exempt non-operating income	(1.17)	(1.42)
Temporary difference which is reversed during the Tax Holiday period	(6.99)	(18.44)
Tax effect which is chargeable at different rate	(17.73)	(13.53)
Additional deduction on R & D Expenses	(20.16)	(32.93)
Others deductible expenses	(7.45)	(1.96)
Adjustment for current tax of prior periods	0.91	(0.05)
Income tax expenses	171.54	121.29
Effective tax rate	28.00%	23.64%

c. Recognised deferred asset and liability

₹ in Crore

Particulars	Deferred tax asset		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Property ,Plant and equipment	-	-	98.96	87.18	(98.96)	(87.18)
Gain on Financial Instrument at FVTPL	-	-	-	2.34	-	(2.34)
Gain on Investment at FVTPL	-	-	1.43	0.45	(1.43)	(0.45)
Leave Encashment	5.73	5.42	-	-	5.73	5.42
Provision for Expired Goods	9.10	3.72	-	-	9.10	3.72
MAT Credit Entitlement	-	20.18	-	-	-	20.18
Provision for Loss Allowance	4.40	1.75	-	-	4.40	1.75
Net deferred tax asset/ (liabilities)	**19.23**	**31.07**	**100.39**	**89.97**	**(81.16)**	**(58.90)**

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

64. Income Tax (Contd..)

d. Movement in deferred tax balances 31 March 2020

₹ in Crore

Particulars	Net balance as on 31 March 2020	Recognised in Profit and loss	Net	Deferred tax asset	Deferred tax liabilities
Property, plant and equipment	(87.18)	(11.78)	(98.96)	-	98.96
Gain on Financial Instrument at FVTPL	(2.34)	2.34	-	-	-
Gain on Investment at FVTPL	(0.45)	(0.98)	(1.43)	-	1.43
Leave Encashment	5.42	0.31	5.73	5.73	-
Provision for Expired Goods	3.73	5.37	9.10	9.10	-
MAT Credit Entitlement	20.18	(20.18)	-	-	-
Provision for Loss Allowance	1.75	2.66	4.40	4.40	-
Net deferred tax asset/ (liabilities)	**(58.90)**	**(22.26)**	**(81.16)**	**19.23**	**100.39**

e. Movement in deferred tax balances 31 March 2019

₹ in Crore

Particulars	Net balance as on 31 March 2019	Recognised in Profit and loss	Net	Deferred tax asset	Deferred tax liabilities
Property, plant and equipment	(67.20)	(19.99)	(87.18)	-	(87.18)
Gain on Financial Instrument at FVTPL	(0.82)	(1.52)	(2.34)	-	(2.34)
Gain on Investment at FVTPL	-	(0.45)	(0.45)	-	(0.45)
Leave Encashment	4.77	0.66	5.42	5.42	-
Provision for Expired Goods	3.34	0.38	3.72	3.72	-
MAT Credit Entitlement	10.88	9.30	20.18	20.18	-
Provision for Loss Allowance	2.01	(0.26)	1.75	1.75	-
Net deferred tax asset/ (liabilities)	**(47.02)**	**(11.88)**	**(58.90)**	**31.07**	**(89.97)**

The charge relating to temporary differences during the year ended 31 March 2020 are primarily on account of property plant and equipment and gain on investment at FVTPL partially offset by provision for expired goods, provision for loss allowance, compensated absences. The credit to temporary differences during the year ended 31 March 2019 are primarily on account of property plant and equipment and gain on investment at FVTPL partially offset by provision for expired goods, provision for loss allowance, compensated absences, MAT credit entitlement. Current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same authority.

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

65. Impact of COVID – 19 (Global pandemic)

The extent of the impact of COVID 19 outbreak on operations of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, Government actions, the impact on financial markets and the overall economy, all of which are highly uncertain and can't be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Company's operations may be affected. However, the Company does not expect that the outbreak will have material adverse effect on operations or financials results at this time.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
20 May 2020

For and on behalf of Board of Directors of
Ajanta Pharma Limited
CIN - L24230MH1979PLC022059

Yogesh M. Agrawal
Managing Director
DIN: 00073673

Arvind Agrawal
Chief Financial Officer

Rajesh M. Agrawal
Joint Managing Director
DIN: 00302467

Gaurang Shah
Company Secretary
FCS No. 6696

ajanta pharma limited
(CIN No. L24230MH1979PLC022059)
Regd. Office: "Ajanta House", Charkop, Kandivli (West), Mumbai – 400 067
Tel No.: +91 022 6606 1000; Fax No.: + 91 022 6606 1200
Website: www.ajantapharma.com; email: investorgrievance@ajantapharma.com

NOTICE

NOTICE is hereby given that **Forty-First** Annual General Meeting of the Members of Ajanta Pharma Limited will be held on 30 July 2020 at 3.00 p.m. IST through Video Conferencing (VC) / Other Audio Visual Means (OAVM), to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt:

   a. the Audited Standalone Financial Statements of the Company for the Financial Year ended 31 March 2020 together with the Reports of the Board of Directors and the Auditors thereon; and

   b. the Audited Consolidated Financial Statements of the Company for the Financial year ended 31 March 2020 together with the Report of the Auditors thereon.

2. To confirm the interim dividend of ₹ 13/- per share as final dividend for the year ended 31 March 2020.

3. To appoint a Director in place of Mr. Mannalal B. Agrawal (DIN: 00073828), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules made thereunder and Regulation 17(1B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable laws (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other approval as may be required, consent of the Company be and is hereby accorded for re-appointment of Mr. Madhusudan B. Agrawal (DIN: 00073872) as the Vice-Chairman of the Company for a period of five years effective from 1 April 2020 on the terms and conditions including remuneration approved by the Board and set out in the Explanatory Statement annexed to this Notice, and upon the terms and conditions contained in the draft Agreement submitted before the meeting, which agreement be and is hereby specifically sanctioned;

   RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company, the remuneration and perquisites set out in the aforesaid agreement be paid to Mr. Madhusudan B. Agrawal, Vice-Chairman as minimum remuneration, provided that the total remuneration by way of salary, perquisites and any other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule V of the Act, as may be provided from time to time;

   RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions of the said appointment including remuneration, from time to time and to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company for the purpose of giving effect to this resolution."

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

   "RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, remuneration of ₹ 5.50 lakhs plus Goods & Services Tax and reimbursement of actual travel and out-of-pocket expenses, fixed by the Board for M/s. Sevekari, Khare & Associates, Cost Accountants, for audit of cost records maintained by the company for the financial year ending 31 March 2021, be and is hereby ratified."

By order of the Board of Directors

Gaurang Shah
AVP – Legal &
Company Secretary

20 May 2020

Registered office:
"Ajanta House", Charkop,
Kandivli (West),
Mumbai – 400 067

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), which sets out details relating to Special Business at the meeting, is annexed hereto.

2. Pursuant to Circular No. 14/2020 dated 8 April 2020, Circular No. 17/2020 dated 13 April 2020 and Circular No. 20/2020 dated 5 May 2020 issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/OAVM. The detailed procedure for participating in the meeting through VC/OAVM is annexed herewith and available at the Company's website www.ajantapharma.com

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, in pursuance of Section 112 and 113 of the Act, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

4. Institutional/Corporate Shareholders (i.e. other than individuals/HUF/NRI,etc.) are required to send a scanned copy (PDF/JPG format) of its Board or governing body resolution/authorisation etc., authorising its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said resolution/authorization shall be sent to the Scrutinizer by email through its registered email address to scrutinizer@ajantapharma.com with a copy marked to evoting@nsdl.co.in, at least 48 hours before the commencement of AGM.

5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 30 July 2020. Members seeking to inspect such documents can send an email to investorgrievance@ajantapharma.com

6. Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India, details of Director seeking re-appointment at the Annual General Meeting, forms part of this notice and is appended to the notice.

7. The Register of Members and the Transfer Books in respect of the Equity Shares will remain closed from Thursday, 23 July 2020 to Thursday, 30 July 2020 (both days inclusive) for the purpose of AGM.

8. In case of joint holders attending the Meeting, the member whose name appears as the first holder in the order of names as per Register of Members will be entitled to vote.

9. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company's Registrar & Transfer Agents ("RTA") viz., Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400 083 by quoting their Folio number or their DP ID and Client ID number, as the case may be.

10. Members are requested to do following, if not done yet:

    (i) Provide/update details of their bank accounts indicating the name of the bank, branch, account number and the nine-digit MICR code and IFSC code (as appearing on the cheque) along with photocopy of the cheque/cancelled cheque, self-attested identity proof and address proof, for remittance of dividend through ECS/NEFT and prevent fraudulent encashment of dividend warrants.

    (ii) Dematerialise the shares held by them in physical form.

    (iii) Update Permanent Account Number (PAN) against folio / demat account as also for deletion of name of deceased holder, transmission/transposition of shares.

    (iv) Members holding shares in dematerialised form are requested to intimate/update all particulars of bank mandates, PAN, nominations, power of attorney, change of address, e-mail address, contact numbers etc. to their Depository Participants (DPs). Members holding shares in physical form are requested to intimate such details to the RTA and file nomination in form SH-13.

11. NRI Members are requested to inform the RTA immediately:-

    (i) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier and

    (ii) Change in their residential status and address in India on their return to India for permanent settlement.

12. In terms of Sections 124 of the Act, any dividend remaining unpaid for a period of seven years from the due date of payment and underlying shares are required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the unpaid dividend lying in dividend account of the year 2012-2013 and underlying shares thereon will be transferred to IEPF in September/October 2020 on due date. Fractional amount on account of bonus issue of shares would also be transferred to IEPF in November 2020. Shareholders can visit the company's website www.ajantapharma.com to get the details of unclaimed dividend under the Investors' section and claim the same timely to avoid transfer of the same and underlying shares thereon to IEPF account.

13. Further, pursuant to provisions of section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all the underlying shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF authority as notified by the Ministry of Corporate Affairs. In view thereof, after complying with the prescribed procedure, 16,951 shares on which dividend remained to be unclaimed for seven consecutive years, were transferred to IEPF account in 2019. Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority, in Form No. IEPF - 5 available on www.iepf.gov.in

14. To support the green initiative and as per relaxation given by the Government, only electronic copy of the Annual report for the year ended 31 March 2020 and notice of the 41st AGM are being sent to the members whose mail IDs are available with the Company/ DP(s). Physical copy of the report is not sent to anyone. Please note that annual report and notice of the 41st Annual General Meeting are also posted on the website www.ajantapharma.com for download.

15. To protect the environment and disseminate all the communication promptly, members who have not registered their E-mail IDs so far are requested to register the same with DP/RTA for receiving all the communications including Annual Reports, Notices etc. electronically.

    a. Registration of email ID for shareholders holding physical shares:

    Members of the Company holding Equity Shares of the Company in physical form and who have not registered their email addresses may get their email addresses registered with RTA, Link Intime India Pvt. Ltd, by clicking the link: https://linkintime.co.in/emailreg/email_register.html in their website www.linkintime.co.in at the Investor Services tab by choosing the email/ bank registration heading and follow the registration process as guided therein. Members are requested to provide details such as Name, Folio Number, Certificate number, PAN, mobile number and email ID and also upload the image of share certificate in PDF or JPEG format (upto 1 MB).

    On submission of the shareholders details an OTP will be received by the shareholder which needs to be entered in the link for verification.

    b. For temporary registration for demat shareholders:

    Members of the Company holding Equity Shares of the Company in demat form and who have not registered their email addresses may temporarily get their email addresses registered with Link Intime India Pvt. Ltd. by clicking the link: https://linkintime.co.in/emailreg/email_register.html in their website www.linkintime.co.in at the Investor Services tab by choosing the email registration heading and follow the registration process as guided therein. The members are requested to provide details such as Name, DPID/ Client ID, PAN, mobile number and email ID. This email ID will be used for sending annual report, notices for general meetings and other corporate communications as permitted.

16. At the thirty-eighth AGM held on 5 July 2017, the members had approved appointment of B S R & Co. LLP., Chartered Accountants (Firm's Registration No. 101248W/W-100022) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the forty-third AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the Forty-first AGM.

17. Since the AGM will be held through VC in accordance with the Circulars, the route map is not attached to this Notice.

18. **Instructions for Members for remote e-voting:**

i. In accordance with the MCA Circular No. 17/2020 dated 13 April 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.ajantapharma.com The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-voting facility) i.e. www.evoting.nsdl.com.

ii. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Listing Regulations (as amended), and the Circulars issued by the Ministry of Corporate Affairs, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as e-voting during the proceeding of the AGM will be provided by NSDL.

iii. **The remote e-voting period begins on Monday, 27 July 2020 at 9:00 A.M. and ends on Wednesday, 29 July 2020 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.**

The way to vote electronically on NSDL e-voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-voting system at https://www.evoting.nsdl.com/

Step 2: Cast your vote electronically on NSDL e-voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-voting website?

A. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

B. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder' section.

C. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.

D. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

E. Your password details are given below:

a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned in note no. 15 of the notice.

F. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com

b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

G. After entering your password, tick on agree to "Terms and Conditions" by selecting on the check box.

H. Now, you will have to click on "Login" button.

I. After you click on the "Login" button, Home page of e-voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-voting system?

A. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.

B. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

C. Select "EVEN" of company for which you wish to cast your vote.

D. Now you are ready for e-voting as the Voting page opens.

E. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

F. Upon confirmation, the message "Vote cast successfully" will be displayed.

G. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

H. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

iv. **Instructions for members for e-voting on the day of the AGM are as under:-**

A. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

B. Only those Members/ shareholders, who will be present in the AGM through VC/ OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

C. Members who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

D. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

v. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by e-mail to scrutinizer@ajantapharma.com with a copy marked to evoting@nsdl.co.in

vi. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

vii. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Thursday, 23 July 2020. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM. Any person who has ceased to be the member of the Company before the cut-off date will not be entitled for remote e-voting or voting at the meeting. Any person, who becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date, should follow the same procedure for e-voting mentioned above.

viii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Ms. Soni Singh, Assistant Manager, NSDL at sonis@nsdl.co.in or evoting@nsdl.co.in or call on 022-24994559.

19. **Instructions for members for attending the AGM through VC/OAVM:**

i. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

ii. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Act.

iii. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access the same at https://www.evoting.nsdl.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-voting system of NSDL.

iv. Members are encouraged to join the Meeting through Laptops for better experience.

v. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

vi. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

vii. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before Tuesday, 28 July 2020 through email on investorgrievance@ajantapharma.com The same will be replied by the Company suitably.

viii. Members who hold shares of the Company as on Thursday, 23 July 2020 being the cut of date for the AGM, who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DPID and Client ID/folio number, PAN, mobile number to investorgrievance@ajantapharma.com from Saturday, 25 July 2020 (9:00 a.m. IST) to Tuesday, 28 July 2020 (5:00 p.m. IST).

ix. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

x. Shareholders who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in or contact Mr. Amit Vishal, Senior Manager – NSDL at amitv@nsdl.co.in / 022-24994360 or Ms. Pallavi Mhatre, Manager - NSDL at pallavid@nsdl.co.in / 022-24994545 or Mr. Sagar Ghosalkar, Assistant Manager - NSDL at sagar.ghosalkar@nsdl.co.in / 022-24994553.

20. Mr. Alwyn D'Souza, a Practicing Company Secretary, Mumbai (Membership No. 5559 & Certificate of Practice No. 5137) has been appointed as the Scrutinizer to scrutinize the remote e-voting and e-voting at the AGM in a fair and transparent manner.

21. The Scrutinizer will submit his report to the Chairman of the Company or to any other person authorized by the Chairman after the completion of the scrutiny of the e-voting (votes casted during the AGM and votes casted through remote e-voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the Stock Exchanges, NSDL and RTA and will also be displayed on the Company's website, www.ajantapharma.com

By order of the Board of Directors

Gaurang Shah
AVP – Legal &
Company Secretary

20 May 2020

Registered Office:
"Ajanta House", Charkop,
Kandivli (West), Mumbai – 400 067

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item no. 4

Mr. Madhusudan B. Agrawal is one of the Promoters of the Company and has been contributing significantly for the growth and development of the Company since its inception. His core competencies in business development, public relation management, corporate affairs management, people management, provide impetus in achieving business development initiatives and other objectives.

Taking into consideration his immense contribution as also the recommendations of Nomination and Remuneration Committee, the Board of Directors at their Meeting held on 20 May 2020, re-appointed him as Vice-Chairman for a period of five years effective 1 April 2020, on the terms and conditions including remuneration as set out in the draft agreement and stated hereunder:

A. Remuneration:

Basic Salary: ₹ 1.32 cr. (Rupees One crore thirty two lakhs only) per annum with such increments as the Board may decide from time to time on the recommendations of the Nomination and Remuneration Committee.

B. Perquisites:

In addition to the salary, undermentioned perquisites will be allowed to him subject to the condition that aggregate Salary, Perquisites and Commission of all the Whole-time directors shall not at any time exceed 10% of the net profit of the Company in terms of provisions of Sections 197 and 198 of the Companies Act, 2013 ("the Act"):-

i. Free furnished accommodation or HRA in lieu of Company provided accommodation.

ii. Reimbursement of expenses on actuals for the upkeep and maintenance in respect of such accommodation as per Company policy.

iii. Two cars for use of Company's Business as per Company Car policy.

iv. Reimbursement of all expenses incurred for self and family at actuals (including domiciliary and medical expenses and insurance premium for medical and hospitalisation policy as applicable), as per Company policy.

v. Leave Travel Expenses for self and family in accordance with the policy of the Company.

vi. Fees of one Corporate Club in India (including admission and annual membership fee).

vii. Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company as per the policy of the Company.

viii. Leave encashment as per the policy of the Company.

ix. Personal accident insurance premium as per the policy of the Company.

x. Contribution towards Provident Fund and Superannuation Fund or Annuity Fund, National Pension Scheme - as per the policy of the Company.

xi. Gratuity and / or contribution to the Gratuity Fund of Company - as per the policy of the Company.

xii. Any other allowances, benefits and perquisites as per the Rules applicable to the Senior management of the Company and / or which may become applicable in the future and / or any other allowance, perquisites as the Board may from time to time decide.

C. Commission on net profits:

In addition to the salary, perquisites and allowances as set out above, Mr. Madhusudan B. Agrawal shall be entitled to receive remuneration based on consolidated net profits. Such remuneration based on consolidated net profits of the company will be determined by the Board for each financial year based on recommendations of the Nomination and Remuneration Committee.

D. The aggregate of remuneration, perquisites and commission as aforesaid in any financial year shall not exceed the limits prescribed from time to time under Section 197, 198 and other applicable provisions of the Act and Rules made thereunder, read with Schedule V of the Act or any statutory modification(s) or re-enactment thereof for the time being in force.

E. Subject as aforesaid, the Vice-Chairman shall be governed by the Rules of the Company as are applicable to the Senior management of the Company from time to time.

F. When in any financial year, the Company has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Mr. Madhusudan B. Agrawal, as determined by the Board in accordance with the applicable provisions of Schedule V of the Act.

The proposed agreement between the Company and Mr. Madhusudan B. Agrawal is available for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day (excluding Saturdays, Sundays and holidays) upto the date of the Annual General Meeting.

Mr. Madhusudan B. Agrawal satisfies all the conditions set out in Section 196 (3) and Schedule V to the Act, for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act. This may be treated as a written memorandum setting out the terms of re-appointment of Mr. Madhusudan B. Agrawal under Section 190 of the Act.

Mr. Madhusudan B. Agrawal is a member of the Company's Executive Committee. Other details required to be disclosed in terms of the provisions of the Listing Regulations and Secretarial Standard on General Meetings, forms part of this Notice.

Mr. Madhusudan B. Agrawal is deemed to be interested in the resolution as it pertains to his re-appointment and remuneration payable to him. Other relatives of Mr. Madhusudan B. Agrawal may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the aforementioned resolution.

The Board recommends the Resolution at Item No. 4 of the accompanying Notice for approval of the Members of the Company.

Item no. 5

As per Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall, based on the recommendation of the Audit Committee appoint a cost accountant in practice, for auditing cost records of the Company and fix their remuneration. The remuneration of cost Auditors approved by the Board shall be subject to ratification by the shareholders.

In pursuance thereof, on the recommendation of Audit Committee, the Board has at its meeting held on 20 May 2020 considered and approved appointment of M/s. Sevekari, Khare & Associates, Cost Accountants, for Cost Audit of the cost records maintained by the company for the financial year ending 31 March 2021, at a remuneration of ₹ 5.50 lakhs plus GST as applicable and reimbursement of actual travel and out of pocket expenses, subject to ratification by the members.

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

The Board recommends the Resolution at Item No. 5 of the accompanying Notice for approval of the Members of the Company.

By order of the Board of Directors

Gaurang Shah
AVP – Legal &
Company Secretary

20 May 2020

Registered Office:
"Ajanta House", Charkop,
Kandivli (West), Mumbai – 400 067

Details of the Director seeking appointment/re-appointment at Forty-First Annual General Meeting (pursuant to Regulation 36 of the Listing Regulations and Clause 1.2.5 of Secretarial Standard on General Meetings).

Name of Director	**Mr. Mannalal B. Agrawal**
Date of Birth	26.03.1947
DIN No.	00073828
Date of Appointment	31.12.1979
Expertise in Specific Functional Area	Has been associated with the company since inception and has immensely contributed in growth of the Company. He has expertise in business management, general management, taxation, finance and accounting.
Qualifications:	
(i) Educational	B.Com
(ii) Experience in years	40+
No. of shares held in the company	Nil
Relationship with other Directors and Key Managerial Personnel	Father of Mr. Yogesh M. Agrawal & Mr. Rajesh M. Agrawal and brother of Mr. Madhusudan B. Agrawal
No. of Board meetings attended during FY 2020	Four
Other Directorships in Companies	None
Membership of committees	Audit Committee (Member) Corporate Social Responsibility Committee (Chairman) Stakeholders' Relationship Committee (Chairman)
Terms and conditions of appointment	Non-Executive Director, liable to retire by rotation
Details of remuneration sought to be paid	Sitting fees and commission as may be approved by the Board of Directors in accordance with applicable provisions

Name of Director	**Mr. Madhusudan B. Agrawal**
Date of Birth	29.03.1955
DIN No.	00073872
Date of Appointment	31.12.1979
Expertise in Specific Functional Area	Business acumen & vision, industry & segment knowledge, international business, general management, leadership & people management, networking & public relation etc.
Qualifications:	
(i) Educational	B.Sc.
(ii) Experience in years	40+
No. of shares held in the company	Nil
Relationship with other Directors and Key Managerial Personnel	Brother of Mr. Mannalal B. Agrawal
No. of Board meetings attended during FY 2020	Three
Other Directorships in Companies	1. Inspira Projects Limited 2. Inspira Infra (Aurangabad) Limited 3. Ajanta Pharma USA Inc. 4. Samta Mines and Minerals Limited 5. Lenexis Foodworks Private Limited 6. Vyata Space Concepts Private Limited 7. Kwera Lands Private Limited 8. Gencrest Private Limited
Membership of committees	Executive Committee (Member) of Ajanta Pharma Limited
Terms and conditions of appointment	Re-appointment as Vice-Chairman of the Company for a period of 5 years w.e.f. 1 April 2020 to 31 March 2025
Details of remuneration sought to be paid	Details provided in explanatory statement to item No. 4 of the AGM Notice, setting out material facts and terms of his appointment

COMMUNICATION ON TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND DISTRIBUTION

As you may be aware w.e.f. 1 April 2020, Dividend Distribution Tax u/s 115- O of the Income -tax Act, 1961 ("the IT Act") payable by domestic companies on declaration of dividend has been abolished. Pursuant to this amendment and certain consequential amendments brought vide Finance Act, 2000, the Company would be under an obligation to deduct tax at source ("TDS") in accordance with the provisions of the IT Act, from divided distributed on or after 1 April 2020.

Please take note of the below TDS provisions and information/document requirements for each shareholder:

Section 1: For all members - Details that should be completed and /or updated, as applicable

All members are requested to ensure that the below details are completed and /or updated, as applicable, in their respective demat account/s maintained with the Depository Participant/s; or in case of shares held in physical form, with the Registrar & Transfer Agents ("RTA"), M/s. Link Intime India Private Limited.

I. Valid Permanent Account Number (PAN).

II. Residential status as per the Act i.e. Resident or Non-Resident for FY 2020-21.

III. Category of the Member :

   i. Mutual Fund
   ii. Insurance Company
   iii. Alternate Investment Fund (AIF) Category I and II
   iv. AIF Category III
   v. Government (Central/State Government)
   vi. Foreign Portfolio Investor (FPI) / Foreign Institutional Investor (FII) / Foreign Company
   vii. FPI/FII: Others [being individual, Firm, Trust, Artificial Juridical Person (AJP), etc.]
   viii. Individual
   ix. Hindu Undivided Family (HUF)
   x. Firm
   xi. Limited Liability Partnership (LLP)
   xii. Association of Persons (AOPs), Body of Individual (BOI) or AJP
   xiii. Trust
   xiv. Domestic Company
   xv. Foreign Company

IV. Email Address

V. Address

Section 2: TDS provisions and documents required, as applicable for relevant category of Members

Members are requested to take note of the TDS rates and document/s, if any, required to be submitted to the Company for their respective category, in order to comply with the applicable TDS provisions.

I. For Resident Members :

i. **Mutual Funds:** No TDS is require to be deducted as per section 196(iv) of the IT Act subject to specified conditions. Self-attested copy of valid SEBI registration certificate needs to be submitted.

ii. **Insurance companies:** No TDS is required to be deducted as per section 194 of the IT Act subject to specified conditions. Self –attested copy of valid IRDA registration certificates needs to be submitted.

iii. **Category I and II Alternative Investment Fund:** No TDS is required to be deducted as per section 197A of the IT Act subject to specified conditions. Self – attested copy of valid SEBI registration certificates needs to be submitted.

iv. **Recognised Provident funds:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self- attested copy of a valid order from Commissioner under Rule 3 of Part A of Fourth Schedule to the IT Act, or Self-attested valid documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the provident fund being established under a scheme framed under the Employees' Provident Funds Act, 1952 needs to be submitted.

v. **Approved Superannuation fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Fourth Schedule to the IT Act needs to be submitted.

vi. **Approved Gratuity Fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part C of Fourth Schedule to the IT Act needs to be submitted.

vii. **National Pension Scheme:** No TDS is required to be deducted as per Sec 197A (1E) of the IT Act.

viii. **Government (Central/State):** No TDS is required to be deducted as per Sec 196(i) of the IT Act.

ix. **Any other entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the entity being entitled to exemption from TDS needs to be submitted.

x. **Other resident Members:**

a) TDS is required to be deducted at the rate of 7.5% under u/s 194 of the IT Act.

b) No TDS is required to be deducted, if aggregate dividend distributed or likely to be distributed during the financial year to individual shareholder does not exceed ₹ 5000. Normal dividend/s declared in the preceding financial year 2019 - 2020 would be considered as the basis to determine applicability of the said threshold for the entire financial year.

c) No TDS is required to be deducted on furnishing of valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income).

"Form 15G/15H/10F" can be downloaded from https://www.linkintime.co.in/client-downloads.html - On this page select the General tab. All the forms are available in under the head "Form 15G/15H/10F"

Duly filled necessary documents can be uploaded at https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html

d) TDS is required to be deducted at the rate of 20% u/s 206AA of the IT Act, if valid PAN of the shareholder is not available.

e) TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued u/s 197 of the Act, if such valid certificate is provided.

II. For Non-resident Members:

i. **FPI and FII:** TDS is required to be deducted at the rate of 20% plus applicable surcharge and cess) u/s 196D of the IT Act.

ii. **Any entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc. by Indian tax authorities) in support of the entity being entitled to exemption from TDS needs to be submitted.

iii. **Other non-resident Members:**

a) TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) u/s 195 of the IT Act.

b) Shareholder may be entitled to avail lower TDS rate as per Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the shareholder, on furnishing the below specified documents

1. Self-attested copy of PAN;

2. Self-attested copy of valid Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is a resident;

3. Self-declaration in Form 10F; and

4. Self-declaration on letterhead of having no Permanent Establishment in India, Beneficial ownership of shares and eligibility to claim treaty benefits (as per Annexure 1 to this Communication).

c) TDS is required to be deducted at the rate prescribed in valid lower tax withholding certificate issued u/s 197 of the IT Act, if such valid certificate is provided.

Details and/or documents as mentioned above in Section I and Section II, as applicable to the Member, need to be sent, duly completed and signed, through registered email address of the Member with PAN being mentioned in the subject of the email to reach investorgrievance@ajantapharma.com at the earliest.

Section 3: Other general information for the Members:

I. For all self-attested documents, Members must mention on the document "certified true copy of the original". For all documents being sent / accepted by email, the Member undertakes to send the original documents on the request by the Company.

II. In case, the dividend income is assessable to tax in the hands of a person other than the registered Member as on the Book Closure Date, the registered Member is required to furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given and reasons for giving credit to such person.

III. TDS deduction certificate will be sent to the Members' registered email address in due course.

IV. Surcharge rates applicable for financial year 2020 - 21 for non-residents:

a. Non-Resident {other than FII & FPI):

(i) Individual, HUF, AOP, BOI, AJP, Trust

Dividend Income	Rate
Upto ₹ 50 lakhs	Nil
Income exceeds ₹ 50 lakhs but does not exceed ₹ 1 crore	10%
Income exceeds ₹ 1 crore	15%

(ii) Co- operative society or Firm, registered under applicable Indian law

Aggregate Income	Rate
Income exceeds ₹ 1 crore	12%

(iii) Foreign Company

Dividend Income	Rate
Income exceeds ₹ 1 crore but does not exceed ₹ 10 crore	2%
Income exceeds ₹ 10 crore	5%

b. FII & FPI :

(i) Individual, HUF, AOP, BOI, APJ, Trust

Dividend Income	Rate
Upto ₹ 50 lakhs	Nil
Income exceeds ₹ 50 lakhs but does not exceed ₹ 1 crore	10%
Income exceeds ₹ 1 crore but does not exceed ₹ 2 crore	15%
Income exceeds ₹ 2 crore but does not exceed ₹ 5 crore	25%
Income exceeds ₹ 5 crore	37%

(ii) Foreign Company

Dividend Income	Rate
Income exceeds ₹ 1 crore but does not exceed ₹ 10 crore	2%
Income exceeds ₹ 10 crore	5%

V. Health and Education Cess of 4% is applicable for financial year 2020 - 2021 for non-residents.

VI. Application of TDS rate is subject to necessary due diligence and verification by the Company of the shareholder details as available in register of Members on the Book Closure/Record Date, documents, information available in public domain, etc. In case of ambiguous, incomplete or conflicting information, or the valid information/documents not being provided, the Company will arrange to deduct tax at the maximum applicable rate.

VII. In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund, if eligible.

VIII. In the event of any income tax demand {including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.

Note:

Above communication on TDS sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences. Shareholders should consult with their own tax advisors for the tax provisions applicable to their particular circumstances.

(Refer Section 2(II)(iii)(b)(4) of above Communication on TDS on Dividend Distribution)

Annexure 1

To,

FORMAT FOR DECLARATION FOR CLAIMING BENEFITS UNDER DTAA

Date:

Ajanta Pharma Limited
"Ajanta House", Charkop,
Kandivli (West), Mumbai – 400 067

Email: investorgrievance@ajantapharma.com

Subject: Declaration for eligibility to claim benefit under Double Taxation Agreement between Government of India and Government of .... <mention country of tax residency> ("DTAA"), as modified by Multilateral Instrument ("MLI"), if applicable

With reference to above, I/We wish to declare as below:

1. I / We, ... <Full name of the shareholder>, having permanent account number (PAN) under the Indian Income tax Act, ... <mention PAN > , and holding .... <mention number of shares held> number of shares of the Company under demat account number/ folio number .... as on Record date, am / are a tax resident of .... <country name> in terms of Article 4 of the DTAA as modified by MLI (if applicable) and do not qualify as a 'resident' of India under section 6 of the Indian Income-tax Act, 1961 ("the IT Act").A copy of the valid tax residency certificate for .... <period>, which is valid as on the Record Date, is attached herewith.

2. I/We am/are eligible to be governed by the provisions of the DTAA as modified by MLI (if applicable), in respect of the dividend income and meet all the necessary conditions to claim treaty rate.

3. I/We am/are the legal and beneficial owner of the dividend income to be received from the Company.

4. I/We do not have a Permanent Establishment ("PE") in India in terms of Article 5 of the DTAA as modified by MLI (if applicable) or a fixed base in India and the amounts paid/payable to us, in any case, are not attributable to the PE or fixed base, if any, which may have got constituted otherwise.

5. I/We do not have a PE in a third country and the amounts paid/payable to us, in any case, are not attributable to a PE in third jurisdiction, if any, which may have got constituted otherwise.

6. I/We do not have a Business Connection in India according to the provision of section 9(1)(i) of the Act and the amounts paid/payable to us, in any case, are not attributable to business operations, if any, carried out in India.

I/We hereby certify that the declarations made above are true and bonafide. In case in future, any of the declarations made above undergo a change, we undertake to promptly intimate you in writing of the said event. You may consider the above representations as subsisting unless intimated otherwise.

I/we in the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by me, I will be responsible to pay and indemnify such income tax demand (including interest, penalty, etc.) and provide the Company with all information / documents that may be necessary and co-operate in any proceedings before any income tax / appellate authority.

For .... <Mention the name of the payee>

Authorised Signatory

<Name of the person signing>
<Designation of the person signing>

Note

DISCLAIMER:

ajanta pharma limited

(CIN No. L24230MH1979PLC022059)
Redg. Office: "Ajanta House", Charkop, Kandivli (West), Mumbai – 400 067
Tel No. 022 6606 1000 | **Fax No.** 022 6606 1200
Website: www.ajantapharma.com | **email:** investorgrievance@ajantapharma.com